



# **NAVAL POSTGRADUATE SCHOOL**

**MONTEREY, CALIFORNIA**

## **THESIS**

**MOTIVATING EMPLOYEES IN TIMES OF RECESSION:  
RECOMMENDATIONS FOR THE HELLENIC NAVY**

by

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March 2013

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**MOTIVATING EMPLOYEES IN TIMES OF RECESSION:  
RECOMMENDATIONS FOR THE HELLENIC NAVY**

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## **ABSTRACT**

The 2008 global economic crisis severely affected Greece and all organizations operating in its economy—the Hellenic Navy among these. The need for motivation in the workplace with the current conditions is more important than ever, in order to mitigate potential reduction of productivity and to advance performance excellence. This study attempts to identify effective ways to motivate employees specifically under the current economic crisis. In so doing, the effects of economic decline on employees and organizations are examined, and prominent motivation theories and applications are referenced. Furthermore, analysis of four specific case studies illuminates issues related to motivation in crisis situations. The thesis concludes with a set of motivational techniques that may minimize the effects of the recession and its consequences on employees and organizations. Finally, specific recommendations that the Hellenic Navy might consider are proposed.

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## **LIST OF ACRONYMS AND ABBREVIATIONS**

AO	Area of Operations
CEO	Chief Executive Officer
DOE	Department of Energy
ECP	Entry Control Point
EU	European Union
FBI	Federal Bureau of Investigation
GCE	Ground Combat Element
HN	Hellenic Navy
IMF	International Monetary Fund
JCM	Job Characteristics Model
MAGTF	Marine Air Ground Task Force
MRE	Meals-Ready-to-Eat
POS	Positive Organizational Scholarship
PSM	Public Service Motivation
SEL	Senior Enlisted Leader
STARS	Special Thanks and Recognition Systems
TQL	Total Quality Leadership
TQM	Total Quality Management
UMHRI	University Mental Health Research Institute
WHO	World Health Organization
XO	Executive Officer

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# **I. INTRODUCTION**

## **A. PURPOSE AND OBJECTIVES**

The last global economic crisis severely affected Greece and all organizations operating in its economy. Economic uncertainty, political turmoil, and profit losses, crippled whole sectors of business and commerce. Apart from that, currently, unemployment rates have reached record percentages, and insecurity and low morale prevail in the Greek society. The need for motivation in the workplace with the current conditions is more important than ever. Employees now need to work at the same rates or, at most times, for more hours with larger workloads for less money than before.

As is well known globally, the debt crisis has severely affected Greece's public sector which includes the Hellenic Navy (HN). As in every organization in an economic downturn, the Hellenic Navy has had to find ways to reduce expenses. For the HN, that has included a considerable reduction in salaries. Motivating military personnel is expedient to mitigate potential reduction in productivity, and to advance performance excellence. Yet, how can one motivate employees who work more for lower earnings and reduced benefits? This project intends to explore this question and provide ways to address and answer it.

The purpose of this study is two-fold: (1) to identify effective ways to motivate employees, specifically under the current economic crisis; and (2) to offer valid recommendations on motivation applications that the Hellenic Navy might consider. In so doing, the thesis looks at the effects of economic decline on employees and organizations along with how positive motivation approaches have the potential to strengthen organizations, even in the face of a major crisis.

## **B. BACKGROUND**

In the current complex economic and technological environment, organizations have more challenges to face as they strive to remain profitable and competitive. Studies have provided evidence that appropriate motivation

leads to higher performance (Manolopoulos, 2008). Performing at their best, employees may help to increase profitability. The recent financial crisis has affected whole industries, and many organizations are still facing reduced profits as well as difficulties in maintaining their businesses.

In such trying times, the first, almost instinctive reaction of management is to reduce expenses by cutting salaries and jobs. This course of action constitutes the highest priority for most companies and directly affects employees (Aycan & Kabasakal, 2006, p. 470). Investing in human capital during such times is in most cases considered a luxury. At the same time, though, utilizing the full potential of the employees seems to be an effective way to gain a competitive advantage for an organization. When financial resources are scarce, the means to advance profitability is through employee engagement and commitment. Managers may use various approaches to motivate employees to reach higher performance levels, thereby increasing the likelihood that organizations will be profitable with a greater chance to survive during a downturn (Wardell et al., 2005, p. 2).

Organizational effectiveness relies on one of the most researched topics by management scholars and practitioners: work motivation (Frey and Osterloch, 2002). As evidence, an extensive literature on motivation includes academic publications, management blogs, and popular management books. Practitioners and consultants have long offered services to help organizations motivate their employees. An examination of motivation literature has identified 15 theories, with 32 supporting conceptual variations (Camilleri, 2007) across disciplinary boundaries such as psychology, economics, human resource management and sociology (Selden & Brewer, 2000).

The range of theories and models depicts motivation as a very complex process that is difficult to define. Cook and Hunsaker (2002) describe it as involving a conscious decision to perform one or more activities with greater effort than one performs other activities competing for attention (p. 199). It is also referred to as a psychological process, or an inner condition that cannot be directly observed, but directs an individual's behavior (Zavlanos, 2002, p. 306).

Mitchell (1982) defines motivation as “the degree to which an individual wants and chooses to engage in certain specified behaviors. Different theories propose different reasons, but almost all of them emphasize an individual, intentional choice of behavior analysis” (p. 82). Mitchell’s definition is consistent with Deci & Ryan’s (1985) self-determination theory and Thomas’ (1990) work on intrinsic motivation.

### **C. SCOPE AND METHODOLOGY**

The thesis consists of a literature review of key motivation theories. Current motivation applications will provide a framework on which the thesis will develop. A pursuit to identify effects of the recession on the organizations within Europe and Greece then follows. Moreover, the effects of the current financial crisis on employee morale, motivation, psychology, and eventually productivity are examined through existing cases and sources that provide demographic data on trends at the time of the crisis. The subject of motivation is also viewed from the perspective of positive psychology and positive organizational scholarship. Theory and case studies related to this recent branch of study further broaden the scope of the thesis.

This thesis consists of an in-depth analysis of existing cases related to motivation. Analysis of specific cases illuminates issues related to motivation programs and systems. The cases include:

- Tank in the Bog. The story of how a Second Lieutenant in the U.S. Army coped with a crisis within his platoon. The means through which he motivated a displeased subordinate to complete a difficult task will be explored.
- Leading Healing in a Broken Unit. In this case the charismatic leadership of a Senior Enlisted Leader who lost his life protecting his men stands out. An analysis of how effective leadership in a military environment can motivate employees in adverse conditions will follow.
- The Ordinary Heroes of the Taj. This is the case of extraordinary commitment that the employees of the Taj Mahal Palace hotel in Mumbai, India showed during a terrorist attack at the hotel. The

reasons that the Taj employees illustrated such a degree of motivation during that crisis situation will be examined.

- Making the Impossible Possible. This case examines the cleanup and closure of America's most dangerous nuclear weapons' production facility, Rocky Flats. The story of Rocky Flats is considered one of the most extraordinary examples of organizational success in history, since the cleanup was completed in record time and under budget estimates (Cameron & Lavine, 2006). The key factors that led to such a success story will be identified and explained through a positive psychology perspective.

Finally, the thesis evaluates theory and the cases to propose approaches for motivation that may be adopted by the Hellenic Navy.

#### **D. ORGANIZATION OF THE STUDY**

The balance of the thesis is organized in five chapters. Chapter II deals with the economic crisis in Greece coupled with an account of the Hellenic Navy and its overarching structure. Included are general economic trends pertaining to the impact of the crisis in Europe (and specifically in Greece) on employee motivation. Chapter III concentrates on the broad effects of a recession. It is divided into the effects of the financial crisis on employees and organizations. Chapter IV presents a brief history of motivation followed by a literature review of theories related to motivation, and concludes with evidence drawn from theory on the importance of employee motivation. Chapter V analyzes a selection of case studies that identify issues related to motivation programs and systems; it further explains the aforementioned cases from the context of motivation models and theories. Chapter VI suggests a framework of an effective system of motivation. Finally, the chapter presents general recommendations for organizations under economic recession to follow, and concludes with specific recommendations for the Hellenic Navy.

## **II. THE CURRENT ECONOMIC CRISIS**

### **A. INTRODUCTION**

To identify means to motivate employees under the current economic crisis, background information is first provided about the global and, in particular, the Greek economic crisis. In so doing, the effects of the crisis on the government level will be presented, and conclude with a snapshot of the current situation in Europe generally and in Greece specifically. Presenting the brief history of the current austerity measures implemented in Greece also provides the opportunity to introduce the conditions in which Greek employees currently work. This will enable the thesis to develop towards identifying how the crisis has affected employees and organizations and then provide recommendations on how to mitigate them through motivation applications.

The thesis' purpose offers specific recommendations for the Hellenic Navy (HN). Hence, the current chapter will provide a brief history of the HN and present a few of its milestones that will portray the HN's great tradition. Moreover, the current crisis has had an immediate impact on HN's employee morale, as will be illustrated in the next chapter. The references to great accomplishments in times of crises in the past can be used currently as a tool towards improving morale.

Towards the end of the chapter, the structure of the Hellenic Navy will be explained along with the rank structure of its personnel. This will offer an understanding of how the organization works and the management levels that exist, factors that are significant in the exploration of effective ways to motivate employees. This will also help organize the recommendations more precisely according to each ranking group. A discussion follows about the effect that the crisis has had on the Hellenic Navy as reflected on the reduction of its budget. The chapter concludes with highlights of the impact of the economic crisis on employee motivation.

## **B. THE GREEK RECESSION**

### **1. Global Financial Crisis and Europe**

Early in 2007, the collapse of the U.S. sub-prime mortgage market affected the U.S. banking sector and subsequently the international financial system. During the same year, the first signs of the crisis appeared in Europe. The U.S. financial sector crisis escalated in 2008 with the collapse of Lehman Brothers Holding Inc. After one of the oldest and largest investment banks in the world filed for bankruptcy, its destabilizing effect ignited a chain reaction of events that led to downturns in the world's stock markets, causing universal turmoil in the banking sector. As a result, entire countries' economies were afflicted. The effects took different forms in different countries around the world. For example, Iceland's government eventually turned for help to the International Monetary Fund (IMF) as concerns over the country's economy deepened. Ultimately, all major advanced economies ended in recession (Gamo et al., 2009).

The political and economic implications for Europe were enormous. The financial integration that had taken place over the last decade made the task of coping with the banking sector crisis and fiscal problems challenging. The European Union eventually presented a course of action that would rescue European banks, and lift the European community out of the crisis. However, the Euro area economy is still under strain. For evidence, the slowdown of economic activity in Europe, along with the high rates of unemployment and budgetary reductions persist in most member state countries. The ability of the European Union to overcome the financial crisis was questioned and continues to be by a number of economists. Additionally, the media voiced concerns about the possible collapse of the Euro currency. In the midst of the economic and political turmoil, and the scenarios of the Euro currency collapse, Greece stands out.

## **2. The Greek debt crisis**

In the aftermath of World War II, many European politicians, including Winston Churchill and Jean Monnet, envisioned a united Europe. European integration was realized with the Maastricht treaty in 1992 (European Union, n.d.), and in 1999, when the Central European Bank along with the euro came into existence. In 2001, Greece entered the Euro region and the drachma was replaced by the new currency. Due to the change of currency from the drachma to the “strong” euro, the country was able to borrow at very low interest rates. Observers argue that access to these low interest rates facilitated Greece’s accumulation of high levels of debt (Nelson et al., 2010).

Despite the fact that Greece’s economy showed growth from 1995 to 2008, the debt of the public sector and the state owned companies increased and became unsustainable by 2009. Moreover, the 2008 global crisis significantly affected the economy of the country. During that year, investments in the country decreased by 11.5 percent and in 2009 by 5.6 percent (Paris et al., 2011). According to the Bank of Greece, the main reasons that led Greece into recession in 2009 were issues of mismanagement in national fiscal governance, the global economic crisis, and the negative repercussions from the country’s adopting of the euro currency (2012). The effects of entering the Eurozone included reduced competitiveness for Greek products and excessive borrowing by the country, which are often cited by economists as the primary cause of the crisis (Panageotou, 2011).

## **3. The Greek Economic Adjustment Programme**

Three of the most respected rating agencies, Moody’s, Fitch, and Standard & Poor’s, downgraded Greece during 2009 (“Moody’s,” 2009). At the same time, the European Union requested from a part of its members, including Greece, a reduction in their budget deficits (“Timeline,” 2012). The financial crisis, and the demanding measures it brought, led to political instability and the fall of the government. The newly elected government requested aid from the

European community and the International Monetary Fund in 2010. The European Union set several targets for the Greek government to reach, and requested specific fiscal, financial, and growth enhancing measures to be immediately implemented. After negotiations with the European Commission, the International Monetary Fund, the European Central Bank, and the European Council, a Greek economic adjustment programme for 2010–2013 was signed in May 2010 (European Commission, 2012). The economic adjustment included economic aid to be given in the form of installments. Before the disbursement of each tranche, a three-member committee was appointed to monitor the progress of the programme. The “Troika” as it is called, consists of staff teams representing the European Commission, the International Monetary Fund, and the European Central Bank.

The economic adjustment program for Greece set until 2012 did not bring the expected results as the austerity measures did not prevent the slowing of the economy. Other important factors such as political instability, social unrest, and issues related to administration capacity, caused the country’s economy to contract by 6.9 percent in 2011 (European Commission, 2012). A new national reform program, agreed to in March 2012, covers the period from 2012–2014. The Greek government has implemented austerity measures over the past three years of deep recession, and has “substantially reduced the general government deficit between 2009–2011” (European Commission, 2012, p. 3). The objective that the European Commission set for Greece’s second programme is “to durably restore Greece’s credibility for private investors by ensuring fiscal sustainability, safeguarding the stability of the financial system, and boosting growth and competitiveness” (European Commission, 2012, p. 3).

Nevertheless, for this objective to be met, additional structural and fiscal measures needed to be implemented by the Greek government. In 2012, it adopted new fiscal measures to reduce government expenditures. These measures required a reduction in public employment, among others. To reduce labor costs, a further reduction in public sector employee salaries and benefits,

and legislation to implement an additional decrease in minimum wages in the private sector took place. Health sector and tax policy reforms are in progress and add to the already constrained financial situation of Greek households. Moreover, high unemployment levels are more likely to persist, if not increase, with the prospect of the continuation of the recession.

## **C. THE HELLENIC NAVY**

*“Μέγα το της θαλάσσης κράτος”*

*“A Sea State is a great State”—Pericles (Thucydides, 431 B.C.)*

### **1. History and Tradition**

Greece is surrounded by the sea and has over 3,000 islands and islets. The maritime tradition of the Greeks has its roots in ancient times. From these earliest times, settlements were mainly in coastal areas, along the endless coastline of the country, where marine resources were harvested and love and respect of the sea was learned (Hellenic Navy, 2012). Greece is renowned for its people’s high level of seamanship. The legendary naval battles and campaigns of the ancient times that took place in the Greek seas are still studied and admired (Mouroutzakis, 2011).

The Trojan War is considered the first Pan-Hellenic expedition and the largest maritime operation of the pre-historic years, where over 1,000 ships sailed across the Aegean Sea to Troy or Ilion, today’s Hisarlik in Asia Minor (Hellenic Navy, 2012). Many historians regard the battle of Salamis in 480 B.C. as a turning point in world history (Mouroutzakis, 2011). The victory of the heavily outnumbered Greek city-states’ fleet of triremes (Figure 1), with the Athenian politician Themistocles as their leader, over the Persians is significant not only for Greece, but for the entire Western civilization (Mouroutzakis, 2011; Strauss, 2004). Defeating Xerxes in Salamis stopped the advance of Persians on mainland Greece and enabled the creation of the first democracy in history—Athens (Strauss, 2004).



Figure 1. Athenian Trireme (From: Hellenic Navy, 2012)

Another landmark in Greek maritime history took place centuries later during the 1800s. The fall of Constantinople in 1453 A.D. that marked the decline of the Byzantine Empire put the Greeks under the reign of the expanding Ottoman Empire (Marshall, 2008). In 1821, a revolution started and the Greeks lost many battles on land but never at sea. The navy's part was very significant for the realization of the country's independence (Hellenic Navy, 2012). The case of the brig (two-masted vessel) "Aris" (Figure 2) shows the bravery and seamanship of the Greek sailors. In April 1825, "Aris" refused to surrender and crossed the narrow Navarino canal at the end of which, 57 Egyptian ships stood in its way. Although 35 of these ships attacked "Aris," it managed to survive and join the rest of the Greek fleet, leaving five enemy ships almost destroyed (Hellenic National Defence General Staff, 2012).



Figure 2. Brig “Aris” (From: “A History of Military Equipment,” 2012)

In the more recent past, the Hellenic Navy demonstrated its efficiency during the Balkan wars of 1912. Its part was significant, not only to Greece’s participation in the Balkan wars, but also to the independence of Greece from the Ottoman Empire (Hellenic Navy, 2012). Because of its substantial fleet, Greece was the only country of the Balkan alliance that could stand against the large Ottoman fleet and constrain it along the Minor Asia coastline (Christidis, 2012). As a result, the alliance’s army had more time to march to the northern part of Greece (specifically to Thessaloniki) which facilitated the outcome of the war.

During the Second World War, the Hellenic Navy fleet did not surrender to the Germans during Greece’s occupation, but joined the British Royal Navy in Alexandria to continue the war against the Axis powers (“History,” 2012). The contribution of the Hellenic Navy was significant to the victory of the Allied powers and, in several cases, the crew of the ships showed admirable seamanship and courage (“Greece in World War II,” n.d.). Until today, the role of

the Hellenic Navy remains substantial, and Greece's geopolitical position, as well as its long tradition, renders it a country with an esteemed naval heritage.

## **2. Mission and Structure**

### ***a. Mission***

The mission of the Hellenic Navy as it is stated in the Hellenic Navy Regulations, Chapter 02, and Article 0202 is:

To conduct the necessary maritime operations, during peace and war time, in order to ensure National objectives of its responsibility, in cooperation with the other branches of Armed Forces, aiming to contribute to the deterrence of enemy attacks, the preservation of National integrity, the defense of National interests and the achievement of National Defense Policy's goals, in general. To fulfil its mission, Hellenic Navy utilizes the National Sea power and avails of, since peace time, personnel and means which are supplemented, as necessary, following military and civilian mobilization.

Personnel constitute a significant part of the Hellenic Navy's sea power, as mentioned in the mission statement. Consequently, the performance of the Navy's personnel and their drive to achieve superiority is very important. Studies have shown that performance is linked to motivation (Manolopoulos, 2008) and in the military environment, motivation is crucial. As Dixit (2010) claims "a motivated soldier does not stop or slow down because of operational fatigue, hardships and danger to his own life. It is motivation that drives a soldier to do what his leader wants him to do willingly" (p. 3). Therefore, motivation of personnel can be considered one of the fundamental factors that enable the Hellenic Navy to achieve its mission.

### ***b. Structure***

The Greek public sector is divided into two major parts: (a) the core public sector that includes ministries, army and police, among others, where the Hellenic Navy belongs, and (b) the extended public sector that consists of legal

entities of organizations and corporations such as the Hellenic Post, the Public Power Corporation and others (Manolopoulos, 2008).

The Hellenic Navy operates through five main sections:

- The General Staff of the HN, which is under the command of the Chief of the Hellenic Navy. The responsibility of the Chief of the HN is the administration and control of its personnel and means. He is a member of the Council of the Chief General Staff and an advisor to the Minister of Defense.
- The Fleet Headquarter of HN responsible for the conduct of all naval operations and activities of the fleet.
- The Hellenic Navy Logistics Command responsible for the support and maintenance that is needed for the successful completion of naval operations.
- The Naval Training Command in charge of the training of all naval personnel and,
- The Independent Services, which have as a goal the support and efficient operation of the Navy.

The HN personnel consist of

- Officers:
  - a. that have graduated from the Hellenic Naval academy. These are deck or engineering officers. They offer their services in various classes of warships as directors or supervisors of departments. In the course of their careers, Deck officers can undertake duties as commanding officers, while Engineers can undertake duties as first Engineers in warships. They can also assume shore duties as commanding officers and directors of branches or departments. It is important to stress that according to Hellenic Naval Regulations, the Chief of the Hellenic Navy has to be a Deck officer (and consequently a graduate of the Hellenic Naval Academy). This is also a requirement for the rest of the leadership of the Hellenic Navy.
  - b. that have graduated from Army Corps Officers School. These include Supply officers, Doctors, and Pharmacists.
  - c. that have graduated from the Nursing Officers School.
  - d. that have graduated from the Hellenic Naval Academy of Petty Officers. They can reach the rank of commander.

- Warrant Officers. Petty officers occupy this intermediate rank before becoming officers.
- Petty officers. These are graduates of the Hellenic Naval Academy of Petty Officers or they have begun as volunteers who had a contract for a particular duration and selected to remain in the Navy as permanent personnel. They can serve either in sea or shore duties according to their specializations.
- Professional soldiers. The Hellenic Navy started hiring professional soldiers in 2004 with the aim of gradually replacing conscripts.
- Sailors. These are conscripts that serve either in warships or in services on shore for an average of twelve months.
- Civilian Personnel. This group consists of civilians with various specializations and educational backgrounds who serve in shore duties.

Since the HN belongs to the public sector, unique rules apply to its personnel. Specifically, according to Article 103 of the Greek Constitution, the public sector employees are stated as permanently occupying their posts, with the exception of reaching a certain age limit or after the issuance of a court order. Their dismissal must go through a procedure that requires an examination of the situation by a board consisting, by two thirds, of public employees. Given the bureaucratic procedures that need to be followed for dismissal, public employees are generally considered permanent employees. Even in the cases where their work performance is not at the required level, they will remain in service for a longer time than their private sector counterparts.

### **3. Hellenic Navy during Recession**

The Greek Ministry of Defense, like the other Greek ministries, has been subjected to budget cuts (Table 1) since 2009. This directly affects Hellenic Navy personnel, not only as far as salaries are concerned, but also in training and employee benefits. For instance, the positions for the Hellenic Navy officers in the Naval Postgraduate School have been reduced to one third of the former

input in 2012. Another significant issue is that many officers have applied for early retirement, while a decline in the number of students accepted in the Naval Academies and Schools is predicted for the next years (“Reduction,” 2012). Furthermore, the Chiefs of the three Armed Forces services have recommended to the Ministry of Defense an increase of the duration of compulsory military service (Panagiotopoulos, 2012). Blogs and articles also predict that a significant decrease in the number of professional soldiers will take place in the future (Athanasopoulos, 2012; “Professional soldiers,” 2011; “Professional soldiers,” 2012). During 2011 and 2012 no professional soldiers were hired (Hasapopoulos, 2012).

Table 1. Greek Defense Budget 2009–2012 (After: Bekiris, 2011)

Expense category	Greek Defense Budget of the Hellenic Armed Forces (2009-2012)				Percentage Change (%)
Year	2009	2010	2011	2012	2009 - 2012
Personnel Payments	2,874,616,000	2,804,820,000	2,280,000,000	2,193,200,000	-23.70%
Operational Expenses	1,648,526,000	1,288,345,000	1,031,663,000	972,800,000	-40.99%
Procurements of Equipment	2,000,008,000	2,000,000,000	1,600,000,000	1,500,000,000	-25.00%
Total	6,523,150,000	6,093,165,000	4,911,663,000	4,666,000,000	-28.47%

#### **D. IMPACT OF CRISIS ON EMPLOYEE MOTIVATION IN EUROPE AND GREECE**

The current economic crisis has affected both the public and the private sector. The Greek government’s adjustments and legislation required by the Troika have led to increased unemployment rates and declining compensation levels. The unemployment rate (24.4 percent in August 2012) for the country is amongst the highest in the European Union as shown in Figure 3.

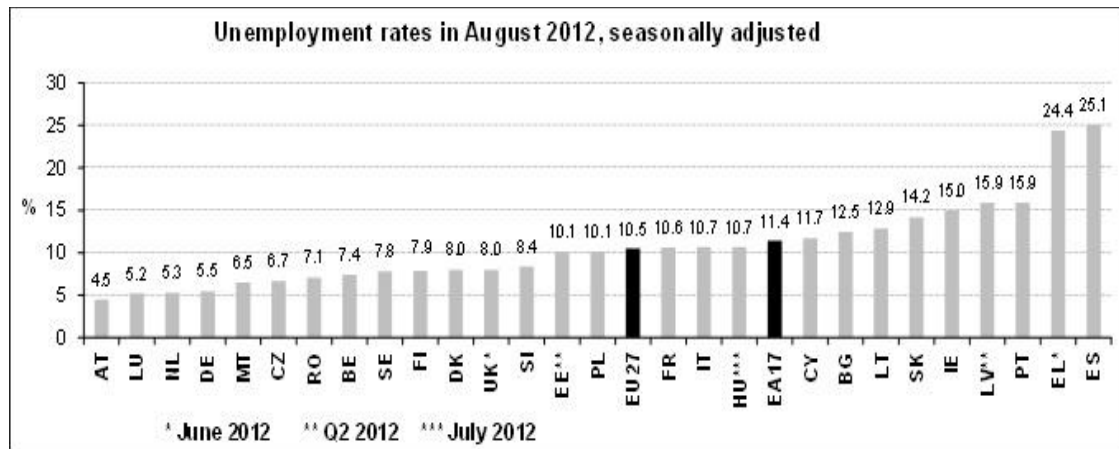


Figure 3. Greece's Unemployment Rate in August 2012 notated EL (Hellas).  
(From: Eurostat 2012)

As the country's economy is strained under the austerity program that the government has implemented, almost every kind of business has been afflicted. According to the Recruitment Confidence index (RCI) by ALBA Graduate Business School, in the second half of 2012, 66.4 percent of the companies have been affected a lot or dramatically by the current economic downturn, while only 0.7 percent state that they have not been affected at all. Many companies and organizations, upon entering an economic crisis, initially seek ways to reduce expenses in order to avoid further financial losses. Usually, the first step to accomplish that is downsizing.

Reducing the number of employees, however, directly affects the remaining employees who face reduced salaries, benefits and longer hours of work. Apart from downsizing, and the reduction and freezing of salaries and benefits, the training and development programs of organizations are also affected. Human resources departments face increased challenges in delegating the limited funds. Particularly, it was expected that 49.7 percent of Greek companies would further reduce employees' executive training within the second half of 2012 (ALBA, 2012).

The harsh measures taken by many companies in the public and private sectors in Greece have a significant impact on employee motivation. While salaries have been reduced, the demands on employee performance have increased, since in most cases the remaining employees have been burdened with more responsibilities and increased workloads. Consequently, employee attitudes and behaviors, such as loyalty and trust to the company, and job satisfaction, are affected (Maki et al., 2005). Moreover, the negative changes in the workplace due to the economic crisis are correlated with a significant increase in work pressure. While confronted by the uncertainty of the new situation, employees tend to question their trust in their organization or management and their job security. The result is that they eventually place their own interests before those of the corporation (Murray, 1991).

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### **III. EFFECTS OF THE ECONOMIC CRISIS**

#### **A. INTRODUCTION**

The current financial status of Greece is not going to change in the immediate future. The reform that is required as well as the change in fiscal policies will not occur overnight. It will take a long and painful process for the country to achieve its financial goals. The European Commission's assessment of the 2012-reform programme for Greece (2012) states that the expected recovery for 2012 was not met, and it is predicted that only in 2014 may an annual positive economic growth arise.

Evidently, the recession as well as its effects on the people and the economy of Greece will persist. These effects will be explored in this chapter first from the perspective of the employees and then from the organizations that work and operate in Europe, and specifically in Greece. Nevertheless, the same results could apply to most developed societies experiencing a recession. Identifying the main effects of the crisis will help illustrate the key points where motivation can be used to help mitigate these adverse effects.

The effects on employees will be separated into two sections. The first section will consider the effects of the economic crisis on employee psychological and physiological health and the second with the effects on employee morale. Although morale is often described as a psychological state, it is different from psychological well-being. Its meaning goes beyond that and is related to the willingness to perform assigned tasks. As Bowles & Cooper state, "morale makes a person want to contribute, be a part of things and make them work more successfully," and it refers to an individual but also a group (2009, p. 1). Hence, the effect of the crisis on morale will be discussed separately.

The effects that the financial crisis has had on citizens and subsequently on employees have a direct impact on organizations. The profitability and well-being of an organization is directly related to the human factor, whether it

includes the workforce, consumers, customers, clients or stakeholders. This relationship will be further explored in the second part of the chapter.

## **B. EFFECTS ON EMPLOYEES**

### **1. Social Changes**

The measures that were implemented through the reform program in Greece, following the realization of the serious financial situation of the country, have severely affected the lives of the Greek people. Whether professionally, personally, considering health and well-being, or behavior and habits, every aspect of their lives has been influenced by the crisis. For example, an increase in some citizens' annual taxation may have caused a decrease in their consumer spending. For others the impact of the crisis has been more substantial, such as the loss of a job or the inability to pay for a family's expenses or for other financial obligations.

Various statistical data provide several dimensions of the social effects of the crisis. Even though there is a decrease in the salaries and an increase in unemployment, "the cost of living in relation to incomes remains quite high in Greece according to figures of the European Statistical Service" ("Living," 2012). The effects of the high unemployment rate can also be monitored through the increase of the percentage of persons living in households where nobody works. According to the Hellenic Statistical Authority (2012), the percentage of persons within the ages of 18 to 60 living in jobless houses was 7.5 percent in 2008, whereas the percentage for the first quarter of 2012 alone was 16.9 percent (pp. 28, 29).

Another indication of the social impact of the recession is the reported increase of the number of people seeking aid from the various social support networks. The support they seek primarily includes basic needs such as housing, meals, and free healthcare (Bouras & Lykouras, 2011). Especially the demand for free meals provided by the church has dramatically increased, exceeding 10,000 meals daily in Athens alone (Symeonidis, 2011). In parts of Thessaloniki

(in Evosmos) the number of people requesting free meals increased by 85 percent for the first quarter of 2012 (“Free,” 2012).

## **2. Work stress**

One of the main effects of the current economic crisis on employees is the increase of stress. Events, conditions and circumstances that create stress are defined as stressors (Barling, Kelloway & Frone, 2005, p. 8). The financial crisis is a stress-producing event that can negatively affect an employee’s psychological state, health, and work performance.

There are several types of stressors, classified in various ways by researchers; in times of recession, economic stressors prevail. According to Voydanoff “economic stress refers to aspects of economic life that are potential stressors for employees and their families and consists of both objective and subjective components reflecting the employment and income dimensions of the worker-earner role” (as cited in Barling et al. 2005, p. 268).

As seen in Table 2, objective stressors include economic instability (for example, forced early retirement or duration of unemployment) and economic deprivation (for instance, decreased level of income). Employment uncertainty (for example, concerns of losing one’s job) and economic strain (changes in one’s financial situation) are considered subjective indicators of economic stress.

Table 2. Components of Economic Stress Described by Voydanoff (After: Barling et al., 2005. p. 268)

<i>Source of Stress</i>	
	<i>Employment</i>
<i>Objective Stressors</i>	<u>Employment Instability</u> <ul style="list-style-type: none"> <li>• Duration of periods of unemployment</li> <li>• Number of periods of unemployment</li> <li>• Extent of underemployment</li> <li>• Downward mobility</li> <li>• Forced early retirement</li> </ul>
	<i>Income</i>
	<u>Economic Deprivation</u> <ul style="list-style-type: none"> <li>• Inability to meet current financial needs</li> <li>• Loss of income and financial resources</li> </ul>
<i>Subjective Stressors</i>	<u>Employment Uncertainty</u> <ul style="list-style-type: none"> <li>• Concern about possible layoff</li> <li>• Assessment of onset of, duration of, and recovery from layoff</li> <li>• Concern about reduction in income</li> </ul>
	<u>Economic Strain</u> <ul style="list-style-type: none"> <li>• Perceived financial adequacy</li> <li>• Financial concerns and worries</li> <li>• Adjustment to change in financial status</li> </ul>

The current economic crisis has provoked changes in employment stability and income, both sources of economic stress. The Stormont study in the UK, that includes a survey conducted in 2005—prior to the crisis, followed by the same survey in 2009—after the crisis in that country, demonstrates that “work-related stress was significantly greater (increased from 18 percent to 26 percent) during the recession than beforehand” (Houdmont et al., 2012). This is a fact currently in most European countries and especially in Greece, where stress in the workplace has increased significantly. In a pan-European poll conducted in March 2012, on behalf of the European Agency for Safety and Health at Work, the results indicate that the nation in the European Union most worried about rising stress is Greece (“Stress,” 2012).

### 3. Employee Psychological Health

In its constitution, the World Health Organization (WHO) defines health as “a state of complete physical, mental and social well-being and not merely the absence of disease or infirmity” (World Health Organization, 1948). This

definition incorporates in the term “health” as three forms of well-being, all of which are affected by the financial crisis.

As seen in the WHO definition of health, mental well-being is of great significance and one of the components of a person’s health. This is not surprising, since the psychological state of a person affects his ability to cope with stress, to function in his family and society, and to work productively. Of all the effects the economic crisis has had on the population, unemployment is one directly related to the deterioration of mental health. In fact, as Bouras and Lykouras (2011) observe, “most researchers agree that loss of employment increases the risk of mental disorders and their adverse effects on physical health” (p. 54). Work is a very important part of an individual’s life, as it provides him with purpose, the sense of self-appreciation, and a place in the society. Employment, job security and stable income benefit mental health (“Impact,” 2011). Conversely, unemployment, job insecurity and financially-related problems negatively affect individuals’ mental health. Furthermore, as Bouras and Lykouras (2011) note, a literature survey indicates that the number of people with psychological problems was almost double in the unemployed (34 percent), compared to those employed (16 percent). Dillon and Butler (2011) also conclude that, as various studies show, unemployment “almost certainly damages mental health” (p. 4).

More specifically, unemployment has proven to increase depression. A recent research by the Social Exclusion Task Force in Britain showed that people who lose their jobs have twice the possibility to experience short-term depression than the ones who keep their jobs (Barnes et al., 2009). Therefore, people that deal with unemployment and potential poverty have a greater risk to exhibit depression and other mental health issues. Moreover, raised levels of stress also lead to increased occurrences of depression. A cross-sectional study on the impact of the present economic crisis on the depression and anxiety levels of the employed in the private and public sector in Slovenia indicated that depressive

and anxiety scores were significantly increased among 46.6 percent of employees being affected by the economic crisis (Avcin et al., 2011).

In Greece, the increased number of calls to phone lines for psychological support also depicts the impact that the crisis has had on the population's mental health. The Help Line for Depression of the Anti-stigma program of the University Mental Health Research Institute (UMHRI) has reported an increase in calls related to financial problems and work-related difficulties, with most of the calls requesting psychological aid related to the current financial crisis (Bouras & Lykouras, 2011). Many of the callers state that they are unable to cope with the oppressive financial situation they find themselves in and have suicidal thoughts.

#### **4. Employee Physical Health**

Deterioration of mental health caused by increased levels of unemployment, stress and financial debt, result to an increase of risk and counterproductive behaviors. These include excess alcohol consumption or poor diet, as well as an increase in accidents and suicides. In Britain, Scotland and Wales, alcohol consumption is predicted to double as the economic crisis persists (Bouras & Lykouras, 2011, p. 57). Increased levels of drug and alcohol abuse can affect all aspects of an individual's life. These can span from one's personal life and social interactions to his work and productivity levels and can eventually affect his health. In many cases, this behavior is associated with an increase in accidents and an increase of mortality rates that are caused either by deteriorating health or suicide attempts.

The current economic crisis in Greece is showing the same phenomena as the preceding instances. As Giotakos and colleagues (2011) stress, the severest financial crises of the past, the Great Depression of 1929, the economic collapse of the Soviet Union, and the Asian economic crisis in the 1990s, all resulted in high suicide, homicide, and mortality rates. One of the prominent causes of these issues is unemployment. A study for the public health effect of the economic crisis in Europe has found that every one percent increase in

unemployment was associated with a 0.80 percent rise in suicides at ages younger than 65 years (Stuckler et al., 2009). Greece has had one of the lowest suicide rates in Europe, but with the persisting recession, the rates are reported to have increased by 40 percent in the first five months of 2011, compared to the previous year, according to health ministry data (Kermeliotis, 2012).

The negative impact of the economic stressors on mental health leads to the increase of behaviors that further deteriorate an individual's health. The increase of alcohol consumption is related with the increase of health problems, varying from psychosomatic symptoms to heart problems and other diseases. As noted by Dillon and Butler (2011), an international literature review of research conducted for the decades of 1980 and 1990 found increased death rates related to heart disease, with main contributing factors of greater risk behavior and higher stress levels. Stress is also linked with other alcohol-related diseases such as high blood pressure, especially in men.

In Greece, the impact of financial crisis-related stress and increased risk behavior is depicted by statistics on public health. Specifically, as Kentikelenis and colleagues (2011) maintain, there was a rise in admissions to public hospitals of 24 percent in 2010, compared with 2009, and of eight percent in the first half of 2011 compared with the same period of 2010. An overwhelming 40 percent increase of admissions in public hospitals is noted from the beginning of the crisis in 2009 until 2012 (Stuckler & McKee, 2012).

There is another aspect of the impact of the financial crisis on health. Apart from stress and behavioral factors, the increase of admissions to public hospitals is also related to the decrease of the admissions to private hospitals. The Greek citizens find themselves unable to pay for costly private hospital healthcare; thus, an increased percentage of the population turns to public healthcare. At the same time, the country's health budget has been cut in half since 2007 (Stuckler & McKee, 2012). Kentikelenis and colleagues (2011) remark that the budget cut has further led to reported shortages of medical supplies, understaffing, and inability to examine and treat all patients that visit the

overstretched hospitals. Another indicator of the financial crisis' impact on health is the increased use of street clinics. Until the beginning of the crisis, these clinics mainly attended to immigrants. Medicines du Monde estimates that the proportion of Greeks seeking medical attention from their street clinics rose from three to four percent before the crisis to about 30 percent after (Karatziou, 2011). Consequently, on one hand, the number of people admitted to hospitals and needing medical and health care has increased; on the other hand, the quality of that healthcare and even the hospitals' ability to attend to the increased number of patients has been significantly reduced.

## **5. Employee Morale**

Mental and physical health of employees is critical to their productivity and quality of work, and so is morale. In fact, the benefit that high morale in employees produces in an organization is performance. At the individual and organizational levels, the high morale of employees is an asset in any organization. Morale can be defined as “(1) a state of individual psychological well-being based upon a sense of confidence and usefulness and purpose. (2) The spirit of a group that makes the members want the group to succeed” (Bowles & Cooper, 2009, p. 2). This definition of morale illustrates the importance it holds for an organization. The second part, especially, refers to morale as a driving force for achieving organizational goals through high performance. Because of its description as a state of individual psychological well-being, morale could, as well, fall under the general definition of health by the World Health Organization.

Like every aspect of the individual's psychological state, morale is affected by the current economic crisis. Research conducted in 2012 by Hays, the recruitment specialists, shows that nearly two-thirds of workers consider the public sector a worse place to work following the recession. Over three quarters of public sector employees believe the sector was more stressful in January 2012 than it was a year ago. Finally, the same research presents 45 percent of public

and 46 percent of the private sector employers describing morale as pressured (Government, 2012).

In Greece, the recession has severely affected the population's morale. One of the causes is the social impact of the financial crisis. Specifically, the austere measures implemented for the country's economic reform has resulted in a strenuous situation for the lives of all Greek citizens. As noted in the European Union's assessment of the 2012 national reform programme, households and businesses have shown negative reactions to the reform program, and the economy's potential recovery has been further delayed until 2014 (European Commission, 2012). In spite of high taxation, increased budget cuts in all domains of public spending, reduction of salaries and the unprecedented austerity measures since 2009, no immediate results have been produced, or any optimistic predictions for the immediate future are possible. Specifically, the communications of the European Union and the Greek government predict only more restrictions and hardship, which is understandably disheartening for the people.

The "negative reactions of the households" mentioned in the same report by the European Union provide an account of the turbulent social situation. Many people express their discontent with the current conditions through strikes and demonstrations where citizens protest against forthcoming austerity measures. An opinion poll published in the *Kathimerini* newspaper indicated that "87 percent of those questioned believe that Greece is heading in the wrong direction and a similar percentage said that they are unhappy with the quality of their lives" (Malkoutzis, 2011). The public expression of censure for the current conditions in Greece is an indication of the people's affected morale.

In Europe, Greece was seen, especially in the beginning of the financial crisis, as "the sick man in Europe" (Xydakis, 2012). In many cases, the mass media in the European Union and worldwide presented Greece as the focal point and cause of the European financial crisis. There is still fear of a "domino effect" in other countries in the Union. The countries that have shown similar debt and

financial issues share a common degrading term given to them by the European and international media: PIIGS. This is a negative acronym for Portugal, Ireland, Italy, Greece and Spain. This term was widely used by respected journalists and newspapers (*The Economist*, *UK Telegraph* among others). This was demoralizing for the citizens of these countries and Greece, specifically.

Furthermore, the international media, and some politicians, on many occasions targeted the country, and as Malkoutzis (2011) remarks, “seized on some aspects of Greek society and presented them as the general rule. These include the impression that Greeks are lazy, they all evade their taxes, they retire too early and take too many holidays” (p. 1). According to 2011 Eurostat figures, Malkoutzis (2011) continues, Greek employees’ average working hours are the highest in the European Union, they retire at the same ages, and take the same holidays as their German counterparts, and at least two-thirds pay their taxes unflinching. Several publications have openly attacked the Greek people. In 2010, for example a German popular magazine used an image of the Venus de Milo making an obscene gesture to accompany an article that characterized Greeks as “cheats” (Dabilis, 2012).

All these unfavorable references of the country and its people in various publications and interviews have contributed to damaging the morale of Greek citizens. The results of low morale can be witnessed in everyday life, but also in the workplace. When the feeling of the employees is that however great an effort they make, there is no compensation or security, or even a positive change in their future, their sense of purpose and confidence that encompasses morale is diminished with unfavorable consequences for the organization.

## **C. EFFECTS ON ORGANIZATIONS**

### **1. The Human Factor**

Human capital is critical for society, institutions and organizations. People comprise the customers, buyers, and clients in society at large. In this case, when consumer behavior changes because of new financial conditions, a

company's profits are directly affected. In the case of Greece, as the European assessment for the country's national reform programme for 2012 notes, low private consumption and the further contraction in investment have slowed down the economy (European Commission, 2012).

People constitute the workforce that, in literature, is referred to as "human assets" that guide the use of financial and physical assets to achieve organizational results (Mathis & Jackson, p. 4). The contribution of people in the organization includes the expertise, skills, knowledge and capabilities they bring to the company, defined as human capital (Mathis & Jackson, p. 5). All the factors that affect employees' health, morale, and behavior, directly affect their work performance and subsequently an organization's performance. Finally, people also comprise the organization's owners and stakeholders. In the same manner, what affects their lives can consequently affect their management of the company, and their ability to make the right decisions for the organization.

## **2. Financial Challenges**

Initially the effect that the financial crisis had on organizations was apparently in terms of profitability and sustainability. Roche and colleagues (2011) identified a range of commercial pressures bearing on businesses as a result of the recession. These include downturns in sales, the cost and availability of credit, falling share prices, changes in product ranges, higher price sensitivity on the part of the consumers, and closures by major customers. The result was low productivity levels, pressure on costs, and the need for additional competitiveness. The impact of the financial crisis is perceived more acutely in cases of small and medium-sized enterprises that struggle to survive.

As companies have the tendency to cut their expenses and operating costs during strenuous economic times, the employees are the first to be affected. Cuts in salaries, benefits, as well as layoffs of personnel are means the companies use to decrease their expenses. The remaining employees have to work twice as hard to keep their places, and in many cases have to take over

additional duties without an increase in their salaries. Eventually, overstretched organizations remain with stressed and overworked employees to meet organizational needs.

### 3. Organizational Performance Challenges

Occupational stress research has provided three general categories of the outcomes of stress on employees: psychological, physical and behavioral. In each case, the organization is affected in various ways as shown in Table 3.

Table 3. Outcome Type by Outcome Relevance, (After: Barling et al. 2005. p. 577)

<i>Outcome Type</i>	<i>Outcome Relevance</i>	
	<i>Individual</i>	<i>Organization</i>
<i>Psychological</i>	<ul style="list-style-type: none"> <li>• Anxiety</li> <li>• Depression</li> <li>• General Well-Being</li> </ul>	<ul style="list-style-type: none"> <li>• Job Dissatisfaction</li> <li>• Low Organizational Commitment</li> <li>• Low Job Involvement</li> <li>• Job Frustration</li> </ul>
<i>Physical</i>	<ul style="list-style-type: none"> <li>• Psychosomatic Symptoms</li> <li>• Diagnosed Health Problems</li> <li>• Physiological Indices</li> </ul>	<ul style="list-style-type: none"> <li>• Health Care Utilization</li> <li>• Sick Days</li> <li>• Workers' Compensation Claims</li> </ul>
<i>Behavioral</i>	<ul style="list-style-type: none"> <li>• Decreased Positive Health Behavior</li> <li>• Drug and alcohol Use</li> <li>• Risk Taking</li> </ul>	<ul style="list-style-type: none"> <li>• Decreased Job Performance</li> <li>• Counterproductive Behaviors</li> <li>• Accidents</li> </ul>

The psychological effects produced by economic stressors, as increase of anxiety and depression, can lead to major losses for companies. While economic crises have an impact on mental health, at the same time increased numbers of mental health issues result in economic consequences. As emphasized in a World Health Organization (WHO) (2011) publication on the impact of the financial crisis on mental health, “the economic consequences of mental health problems—mainly in the form of lost productivity—are estimated to average three to four percent of gross national product in European Union countries” (p. 1).

Moreover, since these problems can start in young adulthood, the loss of productivity can be long lasting (“Impact,” 2011).

As seen in Table 3, psychological effects on employees have negative impact on the organizational level and can include job dissatisfaction, low commitment and low job engagement. According to Greg Harris, president of Quantum Workplace, a market research company that surveys employee engagement, “employee engagement is measured by the ability and willingness of individuals to exert effort for the benefit of the company and their tendency to speak highly of the organization” (Cash, 2009, p. 1). In a study by Quantum Workplace, employers obtained lower overall employee engagement scores upon the beginning of the economic crisis (Cash, 2009). These numbers further decreased during the persisting recession. Increased levels of stress in remaining employees also influence their commitment to the company, apart from their performance. Maki and colleagues (2005) have found evidence that employees who must cope with increased workloads and job responsibilities show a decline in their loyalty and trust to the company and their levels of job satisfaction.

Furthermore, the disharmony in the employees’ personal and professional lives that is caused by stress (and all of its outcomes) and low morale under the financial crisis, also have negative consequences in their work performance. A survey conducted in 80 countries, including more than 16,000 employees, showed that when there is balance between employees’ personal and professional lives, their job satisfaction and consequently their productivity increases (“The Crisis,” 2012). Under a recession, this cannot be easily accomplished. Apart from the economic stressors that further burden households, people that remain employed witness an increase in their duties and workload. Statistical evidence shows that 74 percent of the employees in Greece currently work more hours than in previous years (“The Crisis,” 2012). This adds up to more hours at work and fewer spent with their families, resulting in a

disharmonious effect on work-life balance. This is also supported by the notable increase of divorces related to the financial crisis (Giotakos et al., 2011).

The physical negative effects of stress also influence organizations, mainly in terms of their employees' absenteeism from work. Studies have shown that there has been a significant increase in absence because of work-related stress, with depression and anxiety included as reasons for people claiming long-term sickness benefits (Houdmont et al., 2012; Paton, 2010). As Paton (2010) explains, four out of ten of those companies that recorded low absence rates claimed this was because of their efforts to manage stress. In addition to depression and stress related absences, the increase in diagnosed health conditions and psychosomatic symptoms also increases absenteeism at work, which results in even lower productivity levels. Indeed, the Society of Occupational Medicine in the UK, an organization for physicians and associated health practitioners with an interest in Occupational Health, warned that unless companies use occupational health services they would risk long term damage to their productivity ("Recession Increases," 2012).

#### **4. Effects on Military Services**

As in any organization, the effects of the financial crisis also apply to the military services. Employee psychological and physical health is equally important in the defense sector organizations, as in any public or private company. Absenteeism, job engagement and satisfaction, for example, have a great impact on the services' performance. Employee morale and behavior are also of great significance. Specifically, morale in the military environment has additional weight. Bowles and Cooper (2009) in their book on morale emphasize that in the military "without good morale, missions become much more difficult or even impossible to achieve" (p. 59). In the case of counterproductive and risky behavior of employees due to stress and other crisis-related causes, the increase of accidents in the military workplace is unacceptable as it can produce irreversible and even fatal consequences.

The budget cuts in the Hellenic Ministry of Defense due to the financial crisis are substantial (as seen in Table 1). Apart from the decrease in operational expenses and procurement of equipment, the force structure and personnel have also been affected. The armed forces are becoming smaller, reductions have been implemented in training, and posts being freed by retirement have in most cases not been refilled ("The Impact," 2011).

Military readiness is directly affected by personnel size (manpower), but also the personnel's experience and quality. More specifically, according to Warner and Asch (1995) the desired readiness (denoted  $R$ ) is determined by a combination of ready manpower inputs (denoted  $M$ ) and capital (equipment) inputs (denoted  $K$ ) as illustrated in the production function ( $R$ ):  $R=R(M, K)$ . Consequently, the current reduction in both manpower and equipment directly affects readiness in the Greek Armed Forces and in the Hellenic Navy specifically.

Moreover, training and military exercises have been affected by the budget cuts. The military personnel's high quality is achieved through effective training which contributes to the success of missions and efficient performance. Finally, experience is a key component of productivity in the military, as stressed in the Warner and Asch study (1995). Since the personnel that retired have not been replaced in most cases, a significant decline in experience is predicted for the military services, which will subsequently result in lower productivity levels.

#### **D. CONCLUSION**

The financial crisis has impinged on all aspects of employees' lives, consequently affecting their contributions to their employer's or organization's goals and success. This effect subsequently facilitates the downturn of the economy within which these organizations operate, further promoting hardship for the employees. This concludes to a vicious cycle that has already put organizations in a difficult situation threatening their profitability, or even their

survival. Companies that operate in Greece especially find themselves in strenuous situations and uncertainties for their future circumstances.

Under such conditions, a more intense examination into ways that will promote an organization's goals using the existing resources is of material importance. Some of these ways, the ones that enhance productivity and allow companies under adverse conditions to gain a competitive advantage in the current economy, are turning attention to human capital. Venturing to motivate employees is a key component of gaining such an advantage. There is extensive literature on motivation from which ways can be drawn to motivate employees while using existing resources.

## **IV. REVIEW OF MOTIVATION THEORY**

### **A. INTRODUCTION**

Extensive literature exists concerning motivation. Many theories have been developed through the years that use different approaches to the topic. The psychological approaches to motivation have their roots in the principle of hedonism, a concept which dates back to the early Greek philosophers (Steers & Porter, 1983). As Reinharth and Mahmoud (1975) state, “the ancient Greek principle of hedonism assumes that behavior is directed toward pleasure and away from pain. The individual will chose from alternative courses of action that behavior which he thinks will maximize his pleasure or minimize his pain” (p. 520). During the nineteenth century, the theory of motivation appeared in the works of philosophers like Jeremy Bentham and John Stuart Mill (Reinharth & Mahmoud, 1975) and later on in the works of psychologists. Steers and Porter (1983) claim that in 1915, Freud was the first to advocate the existence of the phenomenon of unconscious motivation.

The word motivation initially comes from the Latin word *movere*, which means, “to move” (Costello et al., 1993). The translation of the word *movere*, nevertheless, is not adequate to describe all that motivation encompasses, as it is a complex topic. Various theories have evolved that explain different aspects of motivation. They vary from focusing on the needs or expectations of individuals to conditions that affect their level of motivation (Cook & Hunsaker, 2001). People have different needs and motives. What drives one’s behavior may not affect another in the same way. Similarly, expectations may vary. The conditions that affect the level of a person’s motivation also vary and have a different impact on each individual. For instance, the way people are treated in their workplaces might affect their motivation to perform in different ways for different people.

In this chapter, some of the most prominent theories of motivation will be addressed. They will be primarily related to employee motivation under recession conditions. The theories will be categorized in content theories, which are “based on identifying specific human needs and describing the circumstances under which these needs activate behavior” (Cook & Hunsaker, 2001). Content theories will include the ones proposed by Maslow, McClelland and Herzberg. They will be followed by process theories, which refer to why and how people are motivated (Zavlanos, 2002) and will consist of expectancy, self-determination, and self-efficacy theories. Public sector motivation theory will be included to provide a perspective of motivation beyond private organizations since the Hellenic Navy is part of the public sector in Greece. The relatively new fields of positive psychology and positive organizational scholarship will also be viewed with regard to motivation. Moving from theories to applications of motivation, job design and intrinsic motivation will be addressed, and the four drives of motivation will be introduced. Finally, the importance of motivation in the workplace will be illustrated.

## **B. MOTIVATION THEORIES**

### **1. Content Theories**

#### ***a. Maslow’s Hierarchy of Needs***

One of the most popular content theories of motivation is Maslow’s Hierarchy of Needs. Abraham Maslow proposed a theory of five levels of needs. His research on needs-based motivation concluded with his hierarchy of needs, where lower level basic needs must be satisfied in order to advance to higher-level needs (Cook & Hunsaker, 2001). Physical well-being is the most basic of needs and then the levels progress to needs for safety, love or belonging needs, esteem needs and finally self-actualization needs, as depicted in Figure 4.



Figure 4. Maslow's Hierarchy of Needs (From: "Understanding," n.d.)

In the current conditions of economic crisis, several of the needs proposed by Maslow might not be satisfied. For instance, in the work environment under the difficult circumstances that organizations face, for an employee who works for more hours with less compensation and with fewer chances to advance in the company than before, esteem needs might not be satisfied. As Maslow (1943) maintains:

Satisfaction of the self-esteem need leads to feelings of self-confidence, worth, strength, capability and adequacy of being useful and necessary in the world. But thwarting of these needs produces feelings of inferiority, of weakness and of helplessness. These feelings in turn give rise to either basic discouragement or else compensatory or neurotic trends. (p. 383)

Therefore, the current financial situation might not satisfy some lower level needs, which directly affects employee motivation.

#### ***b. McClelland's Theory of Needs***

David McClelland and his associates (Atkinson, Clark and Lowell) suggested that individuals acquire certain needs from the society by learning from their experiences (Steers, Porter & Bigley, 1996). Three main needs emerge from their theory: (1) Need for Achievement. This is a learned need about which the group conducted the most thorough studies. McClelland and his

associates defined it as a “behavior towards competition with a standard of excellence” (Steers & Porter, p. 43). McClelland has argued in his book *Achieving Society* that the economic growth of whole nations is related to the psychological impulses toward economic achievement of its people (Potter, 1962, p. 470), (2) Need for Power, which is the need to alter other people’s behavior, and (3) Need for Affiliation, which is the desire for interpersonal relationships.

Similar to Maslow’s theory, McClelland’s needs-based model indicates that the drives that motivate employees come from certain needs that, if not satisfied, would have an effect on their performance and ultimately the economic growth of the organization.

### **c. Herzberg’s Two Factor Theory**

Frederick Herzberg, following a study on engineers and accountants, formed another need-based (content) theory, the Two Factor or Motivation-Hygiene theory. Herzberg’s findings of the study suggested that, “the factors involved in producing job satisfaction (and motivation) are separate and distinct from the factors that lead to job dissatisfaction” (Herzberg, 1968, p. 55). The theory claims that the opposite of job satisfaction is no job-satisfaction and not job dissatisfaction. The same applies to the opposite of dissatisfaction, which is not job-satisfaction, but no job dissatisfaction. The hygiene factors include job factors such as working conditions and work benefits that cause job dissatisfaction if inadequate (Cook & Hunsaker, 2001, p. 203). The motivator factors that lead to job satisfaction include recognition, responsibility, and opportunity of achievement, among others.

According to Herzberg (1968) hygiene factors, or job dissatisfaction-avoidance factors, even if adequately covered, will not motivate employees. Conversely, motivator or growth factors are related to satisfaction, and will ultimately have a longer-term effect on employee’s attitudes. In times where resources are limited, such as the current economic crisis, the application

of this theory is appropriate, since it argues that the factors that actually motivate employees are not related to salary, or other issues extrinsic to job factors, but are mainly of intrinsic nature, and motivation can be achieved through job enrichment.

## **2. Process Theories**

### **a. *Expectancy Theory***

As opposed to the content theories, process theories “view behavior as the result, at least in part, of human decision processes” (Steers, Porter & Bigley, 1996, p. 20). This is the assumption of Victor Vroom’s Expectancy Theory which states that employees adopt various behaviors (or exert effort for particular tasks) if they realize that those lead to the results they desire, and avoid behaviors that lead to undesirable outcomes or rewards (Zavlanos, 2002).

Three main variables characterize the theory: (1) Instrumentality, or Performance-Outcome Expectancy, which “is the degree to which the individual believes performing at a particular level will lead to the attainment of a desired outcome” (Robins & Judge, 2012, p. 86). (2) Valence, or Rewards-Personal Goals Relationship, is the degree to which an outcome has value for each person. Each outcome has a different value for different people due to their personal needs and perspectives that vary from one person to another (Zavlanos, 2002, p. 337). (3) Expectancy or Effort-Performance Expectancy is the “probability that an individual believes his or her work effort directly affects the performance outcome of a task” (Cook & Hunsaker, 2001, p. 214). Consequently, a manager should find ways to raise the values of the aforementioned variables in order to increase employee motivation in the workplace.

Vroom further suggested that job performance is a function of ability and motivation (Steers & Porter, 1983, p. 55). Hence, in order to achieve an increase in employee performance, the manager needs to identify the

employee's personal needs and modify rewards (intrinsic or extrinsic) so that they correspond to those needs (Zavlanos, 2002, p. 343). This is even more pressing for a manager during times of economic strain, where employees' needs are apt to change due to the turbulent conditions of a recession.

**b. Self Determination Theory**

Self-Determination theory is another process theory which suggests that people are more motivated if they feel they have control over their actions, and they do something because they want to and not because they have to (Robbins & Judge, 2010). The theory makes a distinction between autonomous motivation and controlled motivation. Autonomous motivation includes freely chosen activities, for example engaging in an activity because it is found interesting. Controlled motivation includes a feeling of pressure and obligation and is induced, for example, with the use of extrinsic rewards (Gagne & Deci, 2005).

Studies have shown that managerial autonomy support is related to positive work outcomes (Gagne & Deci, 2005). This theory proposes that there is a need for intrinsic as well as extrinsic motivation in organizations. Intrinsic motivation involves satisfaction derived from the activity itself; while in extrinsic motivation, satisfaction comes from the consequences the activity has (Gagne & Deci, 2005, p. 331). Moreover, encouraging employees to take initiatives, recognizing and accepting subordinates' perspectives and giving non-controlling feedback, increases job satisfaction, trust in the organization, and other positive work-related attitudes (Gagne & Deci, 2005). These are key elements to be taken into account especially in periods of financial crises where pressure on employees is significantly increased.

**c. Self-Efficacy**

Self-efficacy is the self-perceived ability of an individual to perform certain tasks (Cook & Hunsaker, 2001). The higher the self-efficacy of a person, the higher his confidence in his ability to complete a task. Consequently, high

levels of self-efficacy are connected to positive outcomes. For instance, an employee with high self-efficacy will increase his efforts in difficult situations or even in the case of negative feedback (Robbins & Judge, 2010).

The performances of people that possess the same skills may vary. The factor of self-efficacy might affect performance. The theory suggests that there is a difference between having skills and having the ability to use them in a given difficult situation. Self-confidence that one can complete a task is often as important as possessing the skills to do it (Steers, Porter & Bigley, 1996).

In order to promote motivation, managers should make an effort to increase levels of self-efficacy in employees. This is advisable, particularly in times of strenuous financial conditions, since self-efficacy of employees is a factor that can produce positive outcomes related to performance, thus enabling them to help achieve organizational goals.

### **3. Public Service Motivation (PSM)**

Public Service Motivation theory proposes that there is a difference between public and private sector employees. As Perry (1997) states, “in fact, an increasing number of empirical studies suggest that public employees differ from their private sector counterparts with respect to work-related values and needs” (p. 181). Public Service values and ethics include commitment to serve the public, contribute to society and a desire to impact public affairs (Wardlaw, 2009). As far as needs are concerned, the PSM theory construct “argues that public employees are stirred by higher-order drives” (Anderfuhner-Biget et al., 2010, p. 214).

Studies have shown that public sector employees prefer intrinsic rewards compared to private sector employees. They are considered to value intrinsic job characteristics more than extrinsic rewards, such as salary, and they are more motivated by the work itself, recognition, and/or responsibilities (Wardlaw, 2009, Anderfuhner-Biget et al., 2010). Since the Hellenic Navy is a part of the public sector of Greece, PSM theory is important and provides another perspective of

motivation, as it argues that in the case of public sector employees, the extrinsic rewards might have a different impact on employee motivation than that mentioned in previous theories.

#### **4. Positive Psychology**

The origins of Positive Psychology can be found in some of the works of American psychologist William James in the 1900s, of Gordon Allport's (one of the founding figures of personality psychology) works in the 1950s, in Abraham Maslow's studies in the 1960s, and in Philip Cowan's research in 2000 (Gable & Haidt, 2005). Even though positive psychology is not a new idea, research in this field has not been extensive.

In 1998, while Martin Seligman was president of the American Psychological Association, he stressed that psychology after World War II had shifted to primarily curing mental illness, and that other missions of the science had been neglected—for instance making the lives of people more productive and fulfilling (Seligman, 2002, p. 4). The movement of Positive Psychology emerged out of the urging of people like Seligman to create “a science of human strength, with the goal to make people stronger and more productive as well as making high human potential actual” (Seligman, 2002, pp. 5, 6).

Positive Psychology is defined as “the study of the conditions and processes that contribute to the flourishing or optimal functioning of people, groups and institutions” (Gable & Haidt, 2005). Or, as Compton (2005) states, “positive psychology uses psychological theory, research, and intervention techniques to understand the positive, the adaptive, the creative and the emotionally fulfilling elements of human behavior” (p. 3). Positive Psychology in business emphasizes “developing climates that foster human strengths” (Seligman, 2002, p. 5). Moreover, as again Seligman (2002) states, this movement, provides a “perspective focused on systematically building competency, not correcting weakness” (p. 5).

The approach that Positive Psychology offers to organizations has produced promising results. These can be found in business, but not that often in the military. The case of Grand Forks Air Force Base provides evidence that the use of Positive Psychology philosophies in the military can offer opportunities to manage difficult situations.

This case is explained by Michel and Newman (2010). In 2005, the U.S. Air Force's 319th Air Refueling Wing, of Grand Forks Air Force Base in North Dakota, faced a crisis situation. A few years earlier had begun the replacement of its large fleet of tanker aircraft with a group of unmanned aerial vehicles. The military and civilian personnel that remained on the base felt great pressure and uncertainty for the future. The base's leadership had to find a solution, but with limited financial resources and dispirited personnel. They "sought insights from business leadership philosophies" like Positive Psychology, resulting in an incredible transformation of the base in a few months.

The leadership wanted to use every resource available and initially tried to establish an environment of trust. They then assessed the base's culture using surveys that eventually illuminated many aspects of what was not working at the base. Among others, the effort to engage the employees was a key to the success of this endeavor, as everyone on the base, regardless of their place in the hierarchy, was considered capable of providing solutions and ideas and participated in the decision-making. That "boosted morale and performance by appealing to workers' sense of purpose and desire to contribute in a meaningful way." What is also interesting is that monetary incentives were not used in this case (Michel & Neuman, 2010, p. 34).

## **5. Positive Organizational Scholarship**

Positive Organizational Scholarship (POS) is a growing field of research, which combines positive psychology and organizational research with the goal of recognizing and comprehending the characteristics of positive workplaces (Lewis, 2011). This field is mainly concerned with positive outcomes in the

organization that are studied through scholarly research. Nevertheless, it does not ignore negative aspects of the organization, but emphasizes what is positive while studying the integration of both (Cameron & Caza, 2004, p. 732). Furthermore, as Cameron and Caza (2008) explain “POS promotes the study of enablers, motivations, and effects associated with positive phenomena, with the aim of revealing positive states and processes that would otherwise be missed or obscured by traditional, ‘non-POS’ perspectives” (p. 2).

Researchers have found that organizations that exhibit exceptional organizational behavior, even in difficult times where downsizing is needed, operate in different ways from other companies. One of the factors that differentiate these organizations is their developing and nurturing of a culture of abundance (Lewis, 2011, pp. 14–15).

The traditional strategy that an organization adopts is called a deficit or problem-solving approach, as it is concentrated in locating problems that need to be solved, and then choosing the best solutions for them. The abundance approach is about enabling the highest potential in both the organization and its people (Carvajal et al., 2010). This approach focuses on human strengths and resilience and also pursues yet untried possibilities, instead of exclusively addressing problems (Cameron & Lavine, 2006, p. 6). An abundance culture is created through positive deviance, virtuous practice, and an affirmative bias.

#### ***a. Positive Deviance***

Deviance is the act of differing from a norm or accepted standards of a society (Costello, et al., 1993), and is often considered a negative term. For instance, stealing is regarded as deviant behavior. Nevertheless, the term can have a positive meaning, if the behavior departing from the norm of the organization produces excellent outcomes for the organization. This is further explained in Figure 5 where Cameron (2003) illustrates a continuum of positive deviance (as cited in Cameron & Levine, 2006, p. 7.). Deviance is thus represented as both a positive and a negative aberration from normal conditions

with examples from the individual and the organizational level (Cameron & Levine, 2006).

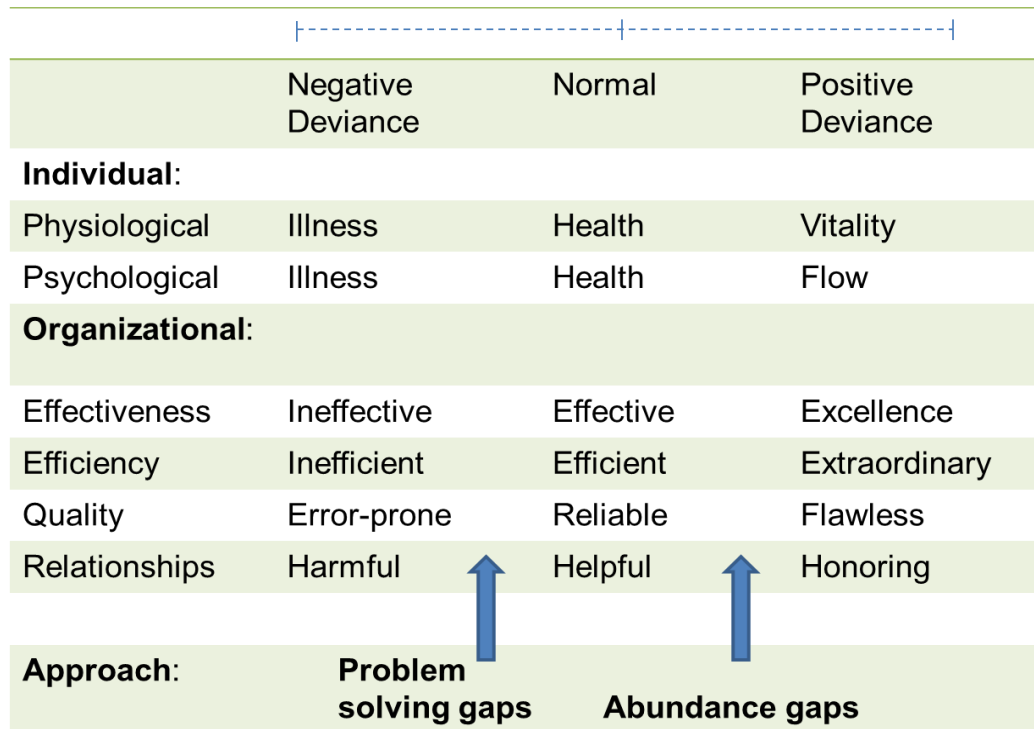


Figure 5. A Continuum Illustrating Positive Deviance (After: Cameron & Levine, 2010, p. 7)

Hence, as illustrated in Figure 5, organizations that have a Positive Deviance perspective are not ignoring problems. They try to fill the abundance gaps by turning their “focus on growing towards excellence and exceptional performance and aim to exceed a normal standard” (Lewis, 2011, p. 15).

### ***b. Virtuous Actions***

Virtuous Actions such as forgiveness, helping others, or being generous have a positive impact on others. Several studies have found that there is also a link between virtuous processes and exceptional business performance (Lewis, 2011, p. 17). Virtuousness in organizations, where people willingly help each other, show generosity, and forgiveness among other actions, seems to be

related to positive outcomes and to provide enablers that foster strengths rather than correcting weaknesses (Cameron, Dutton & Quinn, 2003).

### ***c. Affirmative Bias***

Having an Affirmative Bias is translated into focusing on the best rather than on the worst in a situation or a process and on elevating dynamics in organizations (Lewis, 2011, Cameron & Caza, 2008). The organizations that display an Affirmative Bias tend to place emphasis on strengths and possibilities rather than on threats and problems. Moreover, the Affirmative Bias can be maintained in every aspect of the organization: leadership, relationships, communication, and organizational climate (Lewis, 2011, p. 17). Nevertheless, it is important to stress that organizations driven by Affirmative Bias do not ignore negative events, but are more likely able to find better and more positive solutions for them.

There are strong indications that Positive Organization Scholarship, although a relatively new domain, can contribute significantly to an organization's progress. The perspective of POS that focuses on strengths instead of weaknesses can give another direction to the efforts of organizations under recession. This would enable them to achieve not only sustainability, but also excellent performance outcomes even under such trying conditions through the optimum use of their existing resources and more specifically the potential of their people.

## **C. MOTIVATION APPLICATIONS**

### **1. Job Design**

The change of the structure and arrangement of work positions in order to increase satisfaction of employees is a part of the goal of job design. Job design intends to lead to an increase of employee productivity, and at the same time as Purushotham (2000, p. 40) states, it is "one of the primary methods for improving

the quality of working life.” Many models are included in job design, two of which are the Job Characteristics Model and Job Enrichment (Robbins & Judge, 2010).

**a.      *The Job Characteristics Model***

Richard J. Hackman and Greg Oldham developed the Job Characteristics Model (JCM) to plan and carry out changes in job design. In the model, five core job dimensions create three psychological states that lead to beneficial personal and work outcomes as illustrated in Figure 6. The five core dimensions are: (1) Skill variety is the degree to which the job requires a variety of activities, so that the employee can use a variety of skills and talent, (2) Task identity is the degree to which the job requires completion of a whole and identifiable piece of work, (3) Task significance is the degree to which the job has an impact on other people’s lives or work, (4) Autonomy is the degree to which the job provides the employee freedom and independence, and (5) Feedback is the degree to which the job provides information about the employee’s performance (Robbins & Judge, 2010, p. 90, 91; Steers & Porter, 1983, p. 498, 499).

The psychological states that follow are considered critical for employee satisfaction and motivation. Experiencing meaningfulness translates into the employee’s viewing of his work as important, valuable, and worthwhile. Experienced responsibility is that the employee must feel personally responsible for his performance. Finally, knowledge of results is about the individual’s understanding of his own performance (Steers & Porter, 1983, p. 497).

Robbins and Judge (2010) profess that “the more these three psychological states are present, the greater will be employees’ motivation, performance, and satisfaction and the lower their absenteeism and likelihood of leaving” (p. 91). Moreover, the strength of growth needs in an individual must be taken into account, and has an effect in the link of job dimensions and psychological states, as well as in the link of psychological states and outcomes. Evidently, employees with strong growth need have a more

positive response to enriched jobs than the ones with low growth need (Steers & Porter, 1983, p. 500).

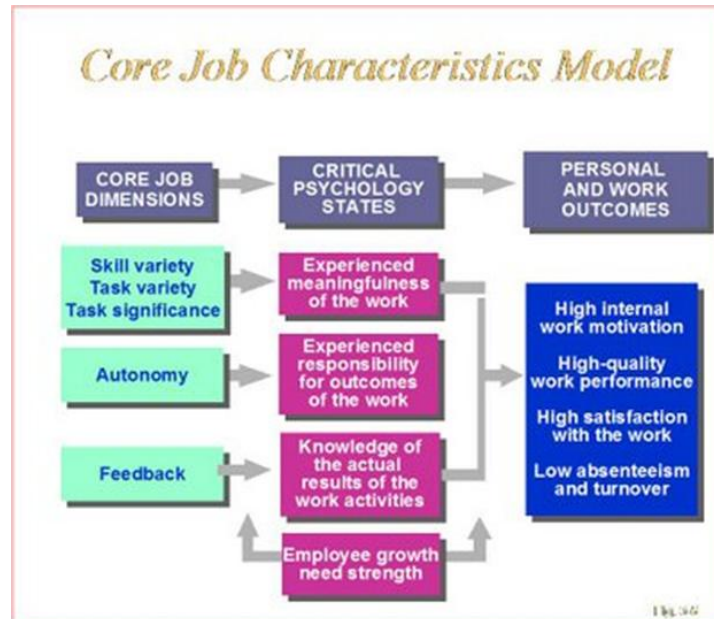


Figure 6. The Job Characteristics Model of Work Motivation (From: "Theoretical Background," available at [www.changingjobsatisfaction.wordpress.com](http://www.changingjobsatisfaction.wordpress.com))

### **b. Job Enrichment**

Much of the research on job design originated from Herzberg's work (Purushotham, 2000). The two-factor theory advocated that redesigning a job to increase challenge, responsibility, and offer opportunities for personal growth and advancement would result in an increase in motivation (Steers, Porter & Bigley, 1996, p. 566). More specifically, job enrichment was Herzberg's application of the motivation-hygiene theory (Sachau, 2007).

Herzberg (1968) professed that an older practice of job redesign—job enlargement—was not successful, because it provided a horizontal expansion of the job. For example, job loading, one of the common job enlargement programs, would add more similar tasks to the post, would increase the amount of expected production, or rotate the assignments, and remove their

difficult parts. These would result in reducing the personal contribution of employees rather than giving them opportunities for growth (Herzberg, 1968; Steers, Porter & Bigley, 1996).

Job Enrichment is about vertical job loading, which according to Cook & Hunsaker (2001), is the "structuring of a job to allow a greater range of responsibility and authority" (p. 253). Enriched jobs offer more opportunities for personal growth and advancement, achievement and recognition (Steers, Porter & Bigley, 1996). In particular, Herzberg (1968) proposes job enrichment by certain principles, such as "removing some controls while retaining accountability," or "granting additional authority to employees in their activity; job freedom" which involve motivators like responsibility, personal achievement and recognition (p. 62).

There are some implications in job enrichment, taking into account other motivation theories. Notably, according to McClelland's theory of needs, the need for achievement in individuals should be taken into account as to providing greater amounts of variety, autonomy and responsibility. Those actions would enhance performance only for challenged employees. For the ones with a low need for achievement, increase of responsibilities for task accomplishments may create frustration and cause performance to decline (Steers & Porter, 1983, p. 43).

During times of financial crises, morale is low, absenteeism is high, and the opportunities in the workplace diminish as employees may struggle primarily to maintain their positions. Job Enrichment in such cases should be taken into consideration more systematically by management as it addresses these issues and at the same time appeals to the needs of growth and achievement in employees. Similarly, the Job Characteristics Model specifies the ways through which job design can lead to an increase in motivation and performance and a decrease in absenteeism.

## **2. Intrinsic Motivation**

Traditionally, work provided for the physical needs of employees. Specifically, the benefits of a job resulted in money and in the form of tangible benefits, such as salaries, bonuses, and commissions that are referred to as extrinsic rewards (Thomas, 2000). It was during the 1960s when theories like Frederick Herzberg's arose, that motivational researchers began to advocate that there was a growing need for rewarding psychological needs as well (intrinsic rewards).

In the present environment, where motivational issues are more complex, many studies have shown that money is no longer the primary motivator. Specifically, theorists agree that people work for money, up to a certain level. Nevertheless, there is evidence that employees and companies view money in different ways (Lippitt, This & Bidwell, 1971), for example, money is more often "viewed as a justly deserved reward for past services, not a stimulus to new effort" (p. 315).

In extrinsic motivation, satisfaction does not come from the work itself, but from the extrinsic rewards given from management to ensure that work is properly done and rules are followed (Thomas, 2000, p. 6; Cagne & Deci, 2005). Conversely, intrinsic motivation involves "psychological compensation" that employees receive from their work, and more specifically "psychological rewards that individuals derive directly from a task" (Thomas & Jansen, 1996, p. 9). In order for an activity to be intrinsically motivating, the employee should find it interesting and creative, and at the same time, he should be involved to a certain extent in decision-making (Steers & Porter, 1987). Such conditions are important to promoting intrinsic motivation. According to Ryan and Deci (2000), although people have inherent intrinsic motivational tendencies, the "maintenance and enhancement of this inherent propensity requires supportive conditions" (p. 70).

While arguing that intrinsic motivation, when supported, can increase productivity, the importance of extrinsic motivation is not minimized. Salary is

significant to employees, but it is also a complex motive. Since financial rewards reflect performance, the effective use of money can also direct the efforts of individuals towards the objectives of the organization (Lippitt, This & Bidwell, 1971, p. 343). However, during a recession, financial motivators are limited; therefore, focus on intrinsic motivators is advisable and can prove valuable to the organization.

### **3. The Four Drives of Motivation**

Apart from the study of human behavior by social scientists, knowledge gained from other fields of study, such as neuroscience, evolutionary biology, anthropology, and evolutionary psychology, was incorporated in the work of Nohria and Lawrence. In their book *Driven: How Human Nature Shapes Our Choices*, the authors conclude that people are guided by four basic drives.

The first is the drive to acquire (1) which refers to physical goods, such as food, clothing, housing and money, as well as entertainment and what promotes social status. The drive to acquire is inbuilt in people, but it is also relative—since individuals compare what others have with what they have, and it is also insatiable—people will always want more (Lawrence, & Nohria, 2002).

The drive to bond (2) refers to social connections with other individuals and groups. Depending on whether this drive is met or not, it is associated with strong positive or negative emotions in people. This drive explains the high motivation of employees who feel they belong to the company (Nohria, Groysber, & Lee, 2008).

The drive to comprehend (3) is related to understanding the world around us, satisfying our curiosity and it accounts for the desire to make a meaningful contribution. In the workplace, the drive to comprehend explains why people prefer and are more motivated by a job that challenges them and enables them to grow and learn (Lawrence & Nohria, 2002).

The drive to defend (4) is rooted in people and is shown in aggressive or defensive behavior. If fulfilled it “leads to feelings of security and confidence” (Nohria, et al., 2008, p. 81). If not fulfilled, it brings negative feelings such as fear and resentment of people. At the workplace, the drive to defend also accounts for the feelings of those people who resist change in organizations (Nohria, et al., 2008).

These four drives are independent and they cannot substitute for one another. Yet they are also interdependent. Nohria argues that “a company can best improve overall motivational scores by satisfying all four drives in concert” (Nohria et al., 2008, p. 80). The proportion of the fulfillment of each drive depends on the organization and the situation it faces. The actions that an organization can take to fulfill each drive in its employees are summarized in Table 4.

Table 4. How to Fulfill the Drives that Motivate Employees (After: Nohria et al., 2008, p. 82)

	DRIVE	PRIMARY LEVER	ACTIONS
1	Acquire	Reward System	<ul style="list-style-type: none"> <li>Sharply differentiate good performers from average and poor performers</li> <li>Tie rewards clearly to performance</li> <li>Pay as well as your competitors</li> </ul>
2	Bond	Culture	<ul style="list-style-type: none"> <li>Foster mutual reliance and friendship among coworkers</li> <li>Value collaboration and teamwork</li> <li>Encourage sharing of best practices</li> </ul>
3	Comprehend	Job Design	<ul style="list-style-type: none"> <li>Design jobs that have distinct and important roles in the organization</li> <li>Design jobs that are meaningful and foster a sense of contribution to the organization</li> </ul>
4	Defend	Performance-Management and Resource-Allocation Processes	<ul style="list-style-type: none"> <li>Increase the transparency of all processes</li> <li>Emphasize their fairness</li> <li>Build trust by being just and transparent in granting rewards, assignments, and other forms of recognition</li> </ul>

Nohria, and associates (2008) explain that the drive to acquire is satisfied by the reward system of the organization. More specifically, the drive is successfully fulfilled if the reward system is pay-for-performance, which separates the good from the poor performers, and gives, in a meritocratic way, the best people the opportunity to advance. The drive to bond is addressed by building a strong culture within the organization that promotes teamwork, openness, and collaboration. The drive to comprehend is fulfilled by designing jobs that are interesting, meaningful and challenging. Finally, the drive to defend is fulfilled especially when an organization exhibits fairness in its processes for decisions regarding resource allocation, financial performance and choices that affect the company. Even if employees might not agree with a management decision, they will be able to understand the rationale behind the choice, if management is trustworthy and there is transparency in the process.

As in most theories of motivation, the role of management in the Four-Drive model is given particular emphasis. Many examples of surveys and research in companies illustrate that when all four drives are fulfilled, there is a distinct improvement in motivation (Nohria et al., 2008, p. 83). This offers a competitive advantage to any organization, especially in trying times, when employee satisfaction, engagement, and commitment—factors that are impacted by the turbulent and uncertain conditions of a downturned economy, are boosted through the practice of this theory.

#### **D. THE IMPORTANCE OF MOTIVATION**

The topic of motivation has been widely researched, as indicated by the large number of publications concerning motivation (Yair, 2010). Work motivation, in particular, began as an area of psychology that focused on how to improve the conditions in the work environment. As Erez, Kleinbeck, & Thierry (2001) state, work motivation “has always been driven by the positive approach of humanizing the workplace and finding ways to help working people satisfy their needs for self-worth and well-being” (p. 1). Motivating employees not only

improves the working conditions for employees, but at the same time enhances their relationship with the organizations that employ them and ideally aligns employees' and organization's needs (Bolman & Deal, 1997, p. 119). This results in benefits for both; individuals' work becomes "meaningful and satisfying" and organizations "get the talent and energy they need to succeed" (Bolman & Deal, 1997, p. 119).

Specifically for organizations, motivation's link to performance is what renders it significant to be included in their management processes. Many factors affect performance, such as the employee's ability or the conditions of the situation, or the environment (Lawler, 1973). Motivation is one of the crucial factors of performance. According to many theories, (Lawler, 1973; Manolopoulos, 2008; Steers & Porter, 1983) the relationship of motivation and performance is depicted by the equation  $\text{Performance} = \text{Motivation} \times \text{Ability}$ . This equation signifies that an employee with a high level of ability for his work will still not perform if motivation is absent (equal to zero). Moreover, an employee that lacks knowledge, but is highly motivated, will in time be able to reach an adequate level of performance, since his motivation will cover the gap of his ability (like in the case of a new employee with no experience) (Yair, 2010). Low performance by employees directly affects organizational success.

Apart from performance, motivation greatly influences organizational productivity and effectiveness. Furthermore, researchers have found a link of motivation to other factors that promote long-term organizational success and effectiveness. As suggested by Lin (2007), motivation is a key factor in enabling employee willingness for knowledge sharing (p. 317). A study conducted by Jurkiewicz, Massey and Brown (1998) has shown that high motivation levels result in reduced absenteeism and turnover, and increased customer satisfaction and organizational commitment (p. 346). Moreover, as Harter, Gallup's chief scientist of workplace management and well-being notes "engaged people feel less stress, and the stress they do feel is offset by a lot more happiness, enjoyment and interest" (Robison, 2010). Employee engagement also originates

from motivated employees. The results of a 2010 Gallup study indicate that motivation is linked to important individual outcomes such as improved mental health (Robison, 2010).

Recession has negative effects on the employee and organization level as described in Chapter III. These include increased levels of stress that lead to a deterioration of mental and physical health and subsequently result in high levels of absenteeism and reduced job performance. As reported above, motivation can mitigate the adverse effects that threaten the profitability and success of the organization during an economic downturn. Therefore, motivating employees needs to be integrated in the managerial processes in such times, more urgently than ever.

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## **V. CASES**

### **A. INTRODUCTION**

In this chapter, specific cases illuminate issues related to motivation. Case studies are important to the learning process (Flyvbjerg, 2006). They are used in teaching and research. Apart from enabling a dynamic discussion in the classroom and presenting challenges of real-life situations for businesses, the case study is also referenced as “an excellent management development device, as it encourages the blending of action and knowledge” (Remenyi, et al., 2002, p. 3). The contribution of case studies in research also has to do with their link to human learning. As Flyvbjerg (2006) states “for researchers, the closeness of the case study to real-life situations and its multiple wealth of details are important.” Flyvbjerg (2006) continues that if there is distance from the object of study and lack of feedback, then skills cannot be developed to a high level.

The specific case studies were chosen because of the factors they have in common. All four cases deal with crisis situations or seemingly impossible goals. Furthermore, each one contributes to illuminate different perspectives of motivation issues. High morale, the key contribution of leadership, strong organizational culture, and Positive Psychology are highlighted in the cases, but the main theme that unites these different case studies is the search for what makes an organization, team or individual achieve high performance in strenuous situations. “Tank in the Bog” and “Leading Healing in a Broken Unit” are cases with a military background in difficult situations. The importance of motivating subordinates through the leadership and rigid hierarchy of a military environment is depicted. “The ordinary heroes of the Taj” and “Making the impossible possible,” are cases where excellent results were produced by employees under extremely dangerous and adverse circumstances. The first three cases illuminate elementary motivational issues in an organization or team in crisis situations. The last case “making the impossible possible” provides a more in depth analysis of these issues.

## **B. CASE 1: “TANK IN THE BOG”**

On November 16, 1996, Doug Crandall was a Second Lieutenant in the Army and the platoon leader of 1<sup>st</sup> Platoon. For three weeks he had been conducting simulated “Operations other than War” in the Joint Readiness Training Center in Louisiana. His platoon consisted of four tanks and sixteen men. Conditions of the training were difficult; the operations had a fast pace, leaving the men only three to four hours to sleep. They had only the military issue MREs (Meals-Ready-to-Eat) to eat, and had not showered since October. Second Lieutenant Crandall (Bradford & Crandall, 2003) describes himself as being “hungry, dirty, exhausted, and ready to go home” (p. 1).

The platoon’s mission was to prepare a mobile defense deep into the trail networks of the unfriendly area. Crandall’s commander sent him at 12:30 p.m. to “locate key artillery targets, record the respective ten-digit grid coordinates and return to company headquarters not later than 3:00 pm” (Bradford & Crandall, 2003, p. 1). Thirty minutes after navigating the trails, the tank made a tight turn between two trees, and a portion of the track dislodged from the sprocket. Given the fact that the damage was extensive and that they were deep into the Louisiana woods, they needed assistance. Sergeant Frye, Delta Company’s head mechanic arrived at the scene to help.

Sergeant Frye had a reputation of being one of the best mechanics in the Army; but, he was also known for attitude problems toward superiors as well as conflicts with peers. He had an explosive character that had held him back from promotion. Upon his arrival at the scene, he voiced his discontent and wondered how they could have been so careless in the middle of the woods. He started working with his four-member crew. After a while he asked for the assistance of four more mechanics, as the damage was worse than expected. Crandall was in an especially difficult situation as he was continuously contacted by his commander, but could not give an estimate as to when they would be ready to move again. In order to gain some of the lost time for the mission, they were

already three hours late, he went on foot to find a way out of the woods that would save them time if they had to leave after dark.

Around 11:45 p.m.—about 11 hours after their arrival—Sergeant Frye and his crew had the tank ready. The Sergeant was very upset as he and eight of his mechanics had spent most of their day to complete the task. Second Lieutenant Crandall led the way in his tank following the fluorescent lights that he had used to mark the short-cut he had found earlier. After one hundred meters the tracks of the tank began to spin; he realized that his route had led the platoon (all of them had joined him by then) into a bog. The tank was now stuck and he had to radio Sergeant Frye again.

When Sergeant Frye approached and he saw that the tank was stuck he was more than upset. He voiced his displeasure in an angry and judgmental tone, which made the situation even worse. By that time the temperature had dropped to 45 degrees, and in less than an hour the platoon had to relocate into a defensive position. Crandall wondered how he should handle Sergeant Frye. He decided to acknowledge that he had failed the situation. He almost admitted his incompetence as the platoon leader and that Frye was right to be angry at him. But, he added, he knew that Sergeant Frye was the only one who could have done the job and asked for his help promising his appreciation and a six-pack of beer when they got back to Fort Lewis.

The head mechanic settled down, and although he was displeased with the situation, got the job done. They returned to company headquarters. After the incident, Second Lieutenant Crandall thought the situation through. He realized that admitting to his subordinate that he had been wrong and had managed things ineffectively was the key to leading his way through this difficult situation.

## **1. Another Approach to Motivation**

The course of action that Second Lieutenant Crandall decided to take in the case of the “Tank in the Bog” might not be very common in the military. Admitting to a subordinate that he is right and you are wrong might not be very

common for managers in general. The philosophy of the army, particularly because of the discipline and the strict adherence to hierarchy that it requires, does not promote or encourage such behavior.

Nicholson (2003) stresses that perceptions of executives as being in the right and others, especially difficult subordinates, being wrong are common in the hierarchical setting of business (Manville et al., 2003, p. 41). He proposes that by seeing things from the subordinates' perspectives and not treating them as problems to be solved, managers can produce the results they want and, moreover, generate many benefits for their organizations. Even if this is not always successful, and given that this method is demanding and difficult, it is more effective than other motivational techniques (Manville et al., 2003).

In the case of the "Tank in the Bog," the author uses exactly that technique. He could reproach his subordinate for the criticism he offered in front of the platoon and request that he get the job done because of his hierarchical superiority. Instead, he tried to see how the head mechanic perceived the situation. By doing that, he realized that he, himself, was in the wrong and that any kind of behavior from his subordinate could have been justified; especially in the case of Sergeant Frye, whom he knew had an explosive character.

## **2. Motivating through Self-Determination Theory and Intrinsic Motivation**

Additionally, Second Lieutenant Crandall made the Sergeant feel that he had control over his actions. He asked for his help instead of ordering him to do his duty. As stated in Self-Determination Theory that request qualifies as autonomous motivation instead of controlled motivation. According to Gagne and Deci (2005), controlled motivation includes a feeling of pressure and obligation and does not promote motivation as autonomous motivation does. Consequently, Second Lieutenant Crandall managed to motivate his subordinate to work effectively and to the maximum of his potential given the difficult circumstances.

Moreover, Crandall rewarded the Sergeant for his help only with his appreciation. This way he stressed that his efforts were highly valued. This adheres to the principles of intrinsic motivation, where individuals derive psychological rewards from their tasks (Thomas & Jansen, 1996). Specifically in the case of the Sergeant, extrinsic rewards might not have been a primary drive. This assumption can be derived from the fact that he had missed the opportunity to be promoted due to his tendency to profess his opinion to his superiors however “inappropriate” they might be (Bradford & Crandall, 2003).

According to Steers and Porter (1987), for a task to be intrinsically motivating, the employee should find it creative, interesting and require that he be involved, to a certain extent, in decision making. By involving the Sergeant in the decision making in the process, and requesting his creativity to find a solution in these challenging conditions, Lieutenant Crandall made the activity for his subordinate intrinsically motivating, which led to an effective and prompt solution.

### **C. CASE 2: “LEADING HEALING IN A BROKEN UNIT”**

The Ground Combat Element (GCE) of a Marine Air Ground Task Force (MAGTF) was preparing for deployment. They trained to be deployed in a combat zone, even though they knew that their deployment destination was going to be in a non-combat area. Their pre-deployment training lasted approximately six months. In May workups of 1,200 individuals across several units began. These were physically demanding, training the marines to conduct operations while enduring “heat, exhaustion, sleep deprivation, and the psychological effects of facing enemy combatants” (Powley & Taylor, 2010, p. 6). However, difficult, the pre-deployment workups were designed to build camaraderie and help these marines establish mission purpose.

The unit embarked in October without knowing where they would be deployed. They had already established high morale and many of the marines and sailors in the unit hoped that they would deploy in a combat zone. The unit was anxious to know their destination, but the officers had no knowledge of their

mission and could not give any answers. The lack of information created tension among the men and was increased when the families of the unit members read in the newspapers that they would be sent into combat. When the marines were informed of their deployment destination by their families and not by their leadership, they started to doubt their leaders and question the reason for withholding the information. In reality, their senior officers believed that someone at the Pentagon had leaked the information to the press.

Senior enlisted leader (SEL) Roger Selden responded to their concerns by asking them to be patient and trust the senior leadership. Selden was going to the Middle East for the third time, one of his previous deployments being Operation Desert Storm. His 20-year experience consisted primarily of participating in reconnaissance units. While advancing in rank he had gained the respect of superiors and subordinates. Selden's leadership was charismatic, and he knew when it "would be more helpful to push or persuade, to be strict or to be more democratic, and how the person he was working with would respond" (Powley & Taylor, 2010, p. 2). Moreover, he was known to make more recommendations for promotions and awards than any other leader. He always acknowledged excellent performance in his subordinates and provided them with prompt feedback. He was close to his men and was widely respected and embodied the Marine Corps' qualities of honor, courage and commitment.

The unit's mission, when they debarked, was to secure a small city in their area of operations (AO). The marines and the officers lived in primitive conditions. Almost immediately upon their arrival they conducted combat operations and took casualties. The months passed and in February, while their scheduled departure was postponed from higher headquarters, the casualties continued to increase, since the area of operations had a "reputation for heavy violence" (Powley & Taylor, 2010, p. 9). The complaints concerning the extension of their deployment increased and anxiety began to mount. The unit's morale decreased, and the men defied safety rules and had poor behavior towards each other and the locals (Powley & Taylor, 2010, p. 11).

While Selden was challenged by the men's conduct, he did not show any signs of irritation. This was one of the reasons he still had their respect and they always followed his orders. Ultimately, mental and physical fatigue escalated when, during the routine processing of civilians in an entry control point (ECP), a man detonated explosives strapped to his body. The blast killed and wounded several marines. Senior Enlisted Leader Roger Selden was killed while positioning himself in front of one of his men, saving him from the blast.

### **1. Leadership by Example**

Roger Selden believed in the military and its mission and he was a living example of the values that the Marine Corps incorporates. He had a high standard of ethical and moral conduct, personal integrity and accountability. He always showed courage under difficult circumstances. His dedication and commitment was exemplary and he voluntarily accepted assignments. The U.S. Marines Corps is exceptional in engaging the hearts and minds of the front line, through leadership by example (Wardell, et al. 2005, p. 26). Their top priority is their men and Marine officers spend most of their time with their subordinates.

Selden's conduct and his commitment to the Marine Corps' values made him an example for the people he served with, and explains why he maintained their respect throughout his career. He would put his men's lives before his own, which led to saving others through his sacrifice. His behavior was an inspiration to the men of his unit, and he motivated them from the onset of their training (during the pre-deployment period) to their deployment in the combat zone.

### **2. Motivation through Recognition**

Senior Enlisted Leader Selden was often asked for advice by the Executive Officer (XO) concerning enlisted matters. He had the reputation of making more recommendations for promotions and awards to the XO than any other. Moreover, he always provided documentation for each recommendation he made, and as a result most of his requests were granted (Powley & Taylor, 2010, p. 3). While training future leaders, Selden would encourage them to seek

the best behavior of their men and to acknowledge it. He also stressed that the recognition should be made in specific terms and a timely way.

In Frederick Herzberg's Two Factor, or Motivation-Hygiene Theory, the motivator factors which lead to job satisfaction include recognition and opportunity of achievement among others (Cook & Hunsaker, 2001). The recognition that Selden offered to his subordinates motivated them to perform at their best. They also knew that he would recommend them for an award or a promotion whenever he saw exemplary behavior.

### **3. Motivation through Conflicting Strategies**

Selden had cultivated the ability to recognize what would be more helpful - to push or persuade, to be strict or democratic (Powley & Taylor, 2010, p. 2). He used both dependence on the recipient and his own predictions of how his subordinates would respond. Moreover, he maintained different strategies for different situations. He believed that there was "a time to learn and a time to perform, and a time to learn about how you performed. The combat zone is not the time for lighter punishments when avoidable mistakes are made" (Powley & Taylor, 2010, p. 4). In a combat zone, he would be very strict and he would not show tolerance for unacceptable behavior.

He was more lenient with his men in non-critical times and areas. He perceived mistakes during that time as "teachable moments" (Powley & Taylor, 2010, p. 4). Nevertheless, whenever his judgment would be to propose a lighter punishment for his men, he would speak to them privately and motivate them by expressing his confidence in their ability to avoid similar mistakes in the future.

Selden's adoption of conflicting strategies is an example of positive deviance. The norm for a leader would be to appear consistently strict and be feared by his subordinates, or the opposite. When exhibiting both strategies, the leader, while showing a positive deviance could produce extraordinary results. The continuous respect and trust that the men of the unit had for him, especially

in difficult situations, is evidence of the success of the conflicting strategies approach in leadership.

#### **D. CASE 3: “THE ORDINARY HEROES OF THE TAJ”**

The employees of the Taj Mumbai Hotel in India risked their own lives to save their guests when terrorists attacked the hotel on November 26, 2008. The Taj Mahal Palace Hotel in Mumbai (formerly Bombay), India was attacked by terrorists as was another luxury hotel, a hospital, a railway station, a restaurant, and a Jewish center. The terrorists killed 159 people (Indians and foreigners) in two days and three nights, and more than 200 were wounded.

In the luxury hotel Taj Mumbai (short for Taj Mahal Palace Hotel), Deshpande and Raina stress “31 people died and 28 were hurt, but the hotel received only praise the day after” (Deshpande & Raina, 2011, p. 3). The guests at the hotel witnessed an extraordinary dedication to duty by the employees, as they put their guests’ safety above their own. The employees protected guests by any means possible, hiding them and moving them to safer locations. Telephone operators stayed at their posts alerting guests to stay locked in their rooms and not leave, and kitchen staff formed human shields to protect guests during evacuation attempts. As a result, eleven employees were killed in their attempts to help almost 1,500 guests to escape (Deshpande & Raina, 2011).

The general manager of the hotel, Karambir Singh Kang, was at a conference at another Taj property. He arrived at the besieged hotel and did not leave his post even when he learned that the terrorists had killed his family on the upper floors of the hotel. He said that “he would be the last man out if the hotel went down” (Deshpande & Raina, 2011).

In one part of the hotel where a Japanese restaurant was full of customers at the time of the attack, 48-year-old Thomas Varghese, the senior waiter of the restaurant, had the customers hide under tables and had the employees protect them. Four hours later, he helped the guests escape on a staircase and insisted

he be the last to leave. He was killed by the terrorists as he reached the bottom of the stairs.

In another part of the hotel, a dinner was hosted by Hindustan Unilever with 35 employees of the hotel also there under the management of Mallika Jagad, a 24-year-old banquet manager. When they realized that something was happening, Jagad instructed the customers to lie down quietly under tables, she had the doors locked and asked husbands and wives to keep separated to reduce the risk to families. Every guest was rescued the next morning, followed by the employees. According to the guests, the employees were calm, tried to comfort guests, and offered them water and whatever else they might need during the many stressful hours while anticipating help.

### **1. Leadership by Example**

The Taj Mahal Palace hotel is a part of the Taj Group, which belongs to the House of Tata. It is considered one of the world's top hotels, and is known for its high levels of quality and its staff of highly trained employees. The criteria for which its managers are chosen specifically include their sense of value and their desire to contribute (Deshpande & Raina, 2011). The Taj Group uses the Tata Leadership Practices framework. This requests that managers develop leadership of results, business and people. To this end, they attend training sessions every year, and external coaches help improve each manager's weaknesses and enhance strengths. The Taj Group's managers are requested to lead by example. This is why each general manager of the hotels is expected to be in the lobby in the evenings to welcome guests.

In the case of the Taj Mumbai's general manager, Karambir Singh Kang, his sense of commitment was an example and an inspiration for the rest of the employees. He stated that he would be the last man to leave the hotel whatever happened (Deshpande & Raina, 2011) while his family's life was directly threatened, and later on, when he knew for a fact that they were gone. He never

left his post, although under the circumstances he would have had many excuses in his defense if he had done so.

General Managers in the Taj spend time in the lobby of their hotel in the evenings, after a day full of work, to welcome guests. They are with the front-line employees, and their physical presence there sends a message; what front-line employees do is regarded as important since their top manager is there with them, where the customers are. In the Job Characteristics Model, one of the core job dimensions that leads to beneficial work outcomes is task significance. An employee's viewing of his work as important, valuable and worthwhile is a result of having experienced meaningfulness, which according to the theory is generated through task significance—the degree to which the job has an impact on other people's lives (Steers & Porter, 1983). The recognition of the importance of the work employees do, by the presence of their manager, produces a motivated workforce.

Leading and motivating by example can yield very positive outcomes in work environments. When the leader promotes the values he wants his subordinates to have by example, apart from motivating them, he gains their respect and trust. Examples of the results of such leadership can be found in other successful companies such as Southwest Airlines. Herb Kelleher, the co-founder and former CEO of the company “is famous for the days he spends (spent when he was CEO) working the gates and handling luggage” (Wardell, et al., 2005, p. 26). The U.S. Marine Corps is also an organization known for its exemplary ability to engage the front line by using leadership by example. A top priority for officers is their lowest-ranking riflemen. Officers spend between 50 and 80 percent of their time working with the people who report to them (Wardell, et al., 2005, p. 26).

## **2. Employee Empowerment**

In addition to leading by example, leaders in the Taj Group, up to the CEO of the company “will support any employee decision that puts guests front and

center and that shows that employees did everything possible to delight them” (Deshpande & Raina, p. 5). This provides another perspective to employees. In most cases the employees would choose the hotel’s direct best interest. Nevertheless, the Taj Group trains them to “act as the customer’s and not the company’s ambassadors” (Deshpande & Raina, p. 5). That, for instance, might mean keeping an angry guest as a customer through the additional efforts of one employee, which in the long-run will be in the best interests of the hotel.

Since employees are more empowered to act and make decisions, they are energized to perform at a higher level. Granting them authority and giving them more autonomy, according to Herzberg (1968), satisfies their needs for personal achievement and recognition. Responsibility is an additional motivator in these cases. Moreover, Self-Determination theory purports that people are more motivated if they feel they have control over their actions (Robbins & Judge, 2010). In the Taj Mahal Palace Hotel case, the employees were given control over their actions, and knew that the leadership was going to support their decisions as long as the customer’s interests were put first. The empowerment of employees accommodated their sense of ownership; this might be considered an additional factor for their heroic handling of the crisis situation on November 26, 2008.

### **3. Organizational Culture**

The Taj Group’s methods of recruitment, training and providing rewards have created a customer-centric organizational culture that puts values first. From the time of recruitment the Taj Group chooses its potential employees from small towns and areas outside big cities. One of the reasons is that traditional Indian values—respect for elders, humility, honesty, and consideration for others can be found more easily out of the metropolitan areas. The value-driven recruitment system does not seek the best skilled, best English speakers, or most talented candidates. The Taj Group recruiters seek rather the most respectful, the ones whose families are in most need of the income, and those

who have a positive attitude even in adversity. Integrity and devotion to their potential employees come first.

The training sessions exceed the length of other hotel chains. Instead of the more common 12-month training, the Taj Group insists on providing 18 months of training during which time they promote customer-centered and values driven practices. Since experience has shown that employees spend the greatest percentage of their contact with customers in unsupervised situations, their training focuses on how to handle situations without turning to supervisors. Therefore, the hotel group not only accepts but promotes improvisation and initiative in their trainees. The employees know, at the same time, that the choices they make will be supported by their leadership, when guests' interests are put first.

The Taj Group also has a reward system that appreciates customer-centric efforts from its employees. Recognition is used as a reward, and it is provided by immediate supervisors in a timely way. In the hotel chain's experience, time for the expression of gratitude is equally or even more important than a reward itself. In 2001, the Special Thanks and Recognition System (STARS) was initiated and has proved very successful. Employees accumulate points throughout the year based on their own suggestions, and on the impression they leave on customers and their colleagues. Their rewards include certificates, trophies and gift vouchers, awarded at an annual organization-wide celebration. Employees state that they feel their contributions are valued. This, in return, has increased service standards and customer retention (according to independent experts).

The organization culture in the Taj Group can be considered as one of the reasons responsible for the extraordinary response of employees to the 2008 crisis. Elements of positive psychology can be found in the strategies and practices in this culture. More specifically, affirmative bias can be traced in the organization processes, since the hotel group's management emphasizes strengths and possibilities rather than negative events. They reward positive

actions and enable employees to take initiatives, therefore uncovering and promoting the potential in them. Furthermore, virtuous actions are at the center of their employee values, from recruiting to training, and are recognized and valued. Moreover, the Taj Group culture accepts behavior from employees that differs from the norm; for instance, in the cases of employees going to great lengths to keep angry guests as customers. This could be identified as positive deviance and in combination with virtuous actions and affirmative bias the Taj Group's culture could be characterized as an abundance culture.

The reward system and the confidence that the Taj Group shows in its employees increases the levels of their self-efficacy and self-confidence. That also produces positive outcomes for the organization. Self-efficacy is the self-perceived ability of an individual to perform certain tasks (Cook & Hunsaker, 2001). There is a link between high levels of self-efficacy and high performance. In the case of the Taj, the employees have confidence in their own decisions which they know will be supported by their management. Because of this, according to Robbins and Judge (2010), the employees will increase their efforts in difficult situations—as proven by their extraordinary exhibit of dedication to duty in the 2008 terrorist attack.

#### **E. CASE 4: “MAKING THE IMPOSSIBLE POSSIBLE. LEADING EXTRAORDINARY PERFORMANCE—THE ROCKY FLATS STORY”**

On the eastern slope of the Rocky Mountains in Colorado, a 6,000 acre site with 800 buildings of about three million square feet constitutes the Rocky Flats nuclear weapons production facility. The facility was built in 1952 in the U.S Department of Energy (DOE)-owned site in Colorado during the Cold War. Since then, it has produced triggers for every nuclear weapon in the current U.S. arsenal (Cameron & Lavine, 2006, p. 3).

An enormous amount of hazardous radioactive material, such as plutonium and enriched uranium, was on site, and contamination could be found in walls, floors, ceilings, ductwork and surrounding soil. Potentially, groundwater

could have been contaminated. This caused “environmentalists, citizen action groups, state regulatory agencies and federal agencies and Congress to be skeptical and largely antagonistic toward Rocky Flats” (Cameron & Lavine, 2006, p. 2). Moreover, Rocky Flats was a highly secure weapons plant, “surrounded by three razor wire fences, prisonlike watch towers, and security guards armed with M-16 rifles to prevent unauthorized entry” (Cameron & Lavine, 2006, p. 19).

In 1989, the FBI (Federal Bureau of Investigation) raided the facility for fear of environmental violations. The plant was immediately shut down. Even though no evidence was found in a grand jury investigation, the contractor at the time paid a fine for failure to maintain adequate records. Finally, in 1992, the nuclear plant was permanently decommissioned by presidential orders.

According to Cameron and Lavine (2006) “more radioactive waste existed at Rocky Flats than at any other facility in the country.” This provided the DOE adequate justification to cleanup and close the nuclear weapons plant in 1995. At the same time, the DOE’s Office of Environmental Management issued a report titled “Estimating the Cold War Mortgage” that provided a detailed estimate of the cost of closing facilities involved in the Cold War” (Cameron & Lavine, 2006, p. 22). Among 13 other facilities throughout the U.S., Rocky Flats was estimated to require a minimum of seventy years and a cost of more than \$36 billion for its cleanup and closure to be completed.

After a competitive bidding process, Kaiser-Hill Company was awarded the contract for the cleanup in 1995. The parent company of Kaiser-Hill, CH2MHill, was an engineering and environmental firm with little experience in nuclear cleanup and this was their first project of this scale. Consequently, the risk for the company and the federal government was enormous (Cameron & Lavine, 2006, p. 18).

The firm had to face many challenges that seemed impossible to overcome, but the results they produced were extraordinary. By October 10, 2005 the task was completed, 60 years earlier than estimated and at a fraction of

the cost—\$7 billion instead of the \$36 billion originally estimated. Given that Rocky Flats was the first nuclear production facility in the world to be cleaned up, and taking into account that other similar DOE clean-up projects in the U.S. cannot compare to the success of the Rocky Flats project, the theme of the facility “making the impossible possible” is justified.



Figure 7. The Rocky Flats site before and after cleanup (From: Plummer, 2006)

### **1. Creating a Collaborative Culture through Abundance Leadership Principles**

One of the great challenges that the Rocky Flats leadership had to face was the preexisting culture in the plant. Because of the nature of their work, employees could not discuss their workday with their families and friends, thus becoming socially isolated. Additionally, the very high levels of security that were

maintained by the facility added to the culture of secrecy and caution. Until the raid of the FBI in 1989, employees felt very proud and patriotic about their work. After that, the public saw Rocky Flats with distrust and the workforce as people who led a facility which posed a threat to the community and the nation. The employees “felt as criminals” (Cameron & Lavine, 2005, p. 66) when the FBI raided the facility and worse when they announced the closure.

Moreover, as noted by Cameron and Lavine (2006) “relationships between Rocky Flats and almost all outside constituencies were poor” (p. 65). Over the years, environmental organizations, the community, and even federal agencies had been skeptical and distrustful towards the plant. But since Kaiser-Hill was awarded the contract for the cleanup, the situation had become even worse. In 1995, the public sentiment was that the facility was a danger to surrounding communities. There was strong opposition from citizen action groups, the public media, city councils, antinuclear groups, others, and “protests, lawsuits and even harassment were not uncommon” (Cameron & Lavine, 2006, p. 65), as the plant was suspected of polluting the surrounding environment.

These circumstances created a hostile environment that promoted resistance to change. The employees, after the plant was officially closed in 1992, had lost their mission and their work had no purpose. This led to low morale among the already discouraged and unmotivated workforce. Combined with the negative public image of Rocky Flats, their trust and confidence in management was very low.

As Cameron and Lavine found in their analysis of the case, the development and coordination of human capital and the nurturing of a collaborative culture is one of various set of factors that can explain the success at Rocky Flats (Cameron & Lavine, 2006, p. 159). The culture of secrecy and the hostility with which many of the employees (especially the unionized ones) faced the new contractor further promoted a resistance to change. Yet change was necessary for the cleanup to be achieved. Initially, a layoff of 2,000 people had to take place. This was a great shock to the system. Nevertheless, in order for the

leadership to begin the change they had to “attack almost every part of the existing system—from work processes to relationships to ways of thinking about careers” (Cameron & Lavine, 2006, p. 163).

**a. *Vision***

The Rocky Flats project was considered a “doomed-to-failure” project. The adoption of an abundance approach in this case was what enabled all people involved in the project to turn from negative thinking to a positive vision. “Among the most significant enablers of success at Rocky Flats was the articulation and reinforcement of a motivating vision of what should be in contrast to what had occurred in the past” (Cameron & Lavine, 2006, p. 101). Apart from being positive, the vision had to be clear and shared by all involved. This was a difficult process, but it offered a new mission to the discouraged workforce. Moreover, after the leadership actually provided a visual image of what they expected the Rocky Flats site to look like after the cleanup, the community and other groups found that they shared the same vision for the future. Eventually, they began to work together to achieve this.

The successful outcome that this common vision had in the Rocky Flats project can also be seen through the prism of Victor Vroom’s Expectancy Theory. Two variables that characterize the theory, instrumentality and valence, can be considered implicated in this success. Instrumentality or Performance-Outcome Expectancy is “the degree to which the individual believes performing at a particular level will lead to the attainment of a desired outcome” (Robins Judge, 2012, p. 86). The desired outcome here can be seen as the successful cleanup of Rocky Flats and the transformation of the site from a dangerous facility to a clean environment that would pose no threat to the communities that surround it. Thus, the level of performance of the people involved became such that produced the desired outcome.

Valence or Reward-Personal Goals relationship, on the other hand, is seen as the degree to which an outcome has value for each person (Zavlanos,

2002). Since each person has different personal needs, each outcome has a different value for them. But in this case, the vision that was offered to all involved seemed to align the importance of the potential outcome. Therefore, all were motivated by the common vision to work together towards this goal.

***b. Continuity of Leaders***

Another key to the success was the fact that the leadership supported the common vision for Rocky Flats from the earliest to the latest stages of the project. Even though during the project, the leadership changed in many posts, “the consistency of vision and support was remarkably stable” (Cameron & Lavine, 2006, p. 82). The leaders that succeeded the previous ones did not change directions, or in any other way hold back the continuous progress of the project; rather they complemented what their predecessors had done by applying new skills that added value to that process. Thus, consistency in leadership proved very important to fostering permanent transformation.

Adopting an abundance approach led the Rocky Flats leadership to excellent results. In the case of the continuity of its leaders, affirmative bias was used throughout the process, enabling the project to develop effectively. When using affirmative bias, one is focused on strengths and possibilities than on threats and problems. Accordingly, the leaders’ successors did not place emphasis on finding faults and problems in the manner that their predecessors directed the various projects. On the contrary, they focused on employing their own skills to improve the existing process thus enhancing the levels of performance for the project.

***c. Collaboration***

The new vision of the Rocky Flats leadership needed to be shared by multiple groups involved in the project for it to succeed. In order to share that common vision, the leadership included the different parties in the decision process. Collaboration between those groups was necessary for progress to be made. One of the first initiatives Rocky Flats leadership took was to form a task

force to calculate the time frame and ultimately to determine whether the project could be achieved. New people and old people composed the team, and eventually it was clear that collaboration with government officials as well as community officials was essential to achieve that goal.

It was difficult for community groups to become engaged in the process because of the climate of distrust. Nevertheless, after a public meeting was held which 200 people attended, the relationships started to change and the different parties showed willingness to discuss the options instead of fighting over them. Thus, the traditional disagreements and opposite positions were transformed into coordinated efforts towards a common goal.

Nohria and Lawrence concluded that individuals are guided by four basic drives. One of these drives—the drive to bond is fulfilled through the lever of culture, by promoting collaboration and teamwork, and fostering mutual reliance (Lawrence & Nohria, 2002). In the Rocky Flats case the drive to bond was satisfied through exactly these, teamwork and collaboration. McClelland's Need for Affiliation, which is the desire for interpersonal relationships, is also satisfied through them. The synergy of all groups involved in the process proved very significant to the successful completion of the project.

#### ***d. Building Trust and Credibility***

The public meeting that was held was one of the examples of openness that the Rocky Flats leadership exhibited. They managed to gain the trust of the communities because of their effort to make them a part of the decision making progress. It was difficult at first, but when they were finally able to align priorities and approaches, they collaborated and shared the vision. Community officials were brought onsite, were educated, and were given input on the status of the process (Cameron & Lavine, 2006). Even if the communities were not always given what they asked for, they had knowledge of the progress at the site and this gained their trust and support. Published information available

to anyone concerned added to the image of openness that Kaiser-Hill showed from the beginning.

This establishment of trust among the involved parties in the project was a key to the success at Rocky Flats. Building relationships of trust was a long and slow process, but it was necessary because if groups had believed that they had been manipulated or deceived, they would not have cooperated and the progress of the project would not have been the same. One of the factors that created the base of trust-building was that the leadership produced promised results. After making a commitment, they pursued it until the desired outcome was achieved. The commitment that was exhibited by the senior executives of Kaiser-Hill, along with their trustworthy dealings with the workers, helped to create a culture of openness and honesty decisive for trust-building.

Similarly to the collaboration established in the Rocky Flats case, the establishment of trust and credibility led to the satisfaction of another of the four drives in the Nohria and Lawrence theory, the drive to defend. Since the management of Rocky Flats was trustworthy and used transparency in their processes, they fulfilled this particular drive which “leads to feelings of security and confidence” (Lawrence & Nohria, 2002). The fairness and openness that this collaborative culture exhibited eventually motivated employees and all others involved to perform at optimum levels, and in the end achieve extraordinary results.

## **2. Employee Engagement**

When the project of the cleanup of Rocky Flats began, the workforce was very discouraged and unmotivated. One of the three CEOs (Chief Executive Officers) that Rocky Flats had during the cleanup project noted that: “it took years to change the attitude of the workforce; they hated us at first” (Cameron & Lavine, 2006, p. 170). That was a great challenge for the new management. Nevertheless, the leadership of the project believed that once the employees realized the importance of the new work they were part of, achieving good labor

relations and engaging the workforce in the process would result in significant progress.

**a. *Meaningful Work***

The new objectives that the project at Rocky Flats had were communicated to the employees from upper leadership to floor supervisors. The purpose of this project was profound and important, not only on an individual level, but on the community and national level. The benefits that would arise from the cleanup of the facility provided a sense of accomplishment to those involved. That was the message to the employees, and it eventually gained their support for the project. As Cameron and Lavine stress, this was one of the reasons for the extraordinary results at Rocky Flats. “Meaningful work and the creation of a profound purpose was another of the key enablers achieving dramatic success at Rocky Flats” (Cameron & Lavine, 2006, p. 128).

In Nohria and Lawrence’s four drives theory, the drive to comprehend is related, among others, to the desire of individuals to make a meaningful contribution. An action that can fulfill the employee’s drive to comprehend is designing jobs that are meaningful and foster a sense of contribution (Nohria et al., 2008). In the case of Rocky Flats, this is exactly what the leadership aimed for. Creating meaningful work for the discouraged employees satisfied their drive to comprehend.

This also adheres to the principles of intrinsic motivation and Self Determination Theory. Consistently with intrinsic motivation, in this case the work itself provided motivation to the employees. Moreover, according to Self Determination Theory, “we are most deeply engaged, and we do our most creative work, when we feel that we are acting according to our own will on behalf of goals we find meaningful” (McCally, 2010, para. 7). When work serves a profound purpose as seen in the Rocky Flats case, the employee is motivated to perform at his best.

***b. Relations of Managers and the Workforce***

The strategy for improving the relationship of management and workers included getting management and union members working in the same facilities. One of the senior executives at Rocky Flats characteristically notes “we were slow in engaging the workforce until we got management on the floor with the workers” (Cameron & Lavine, 2006, p. 171). In some facilities, such as building 779, the management and workers were working together; managers in protective suits were on the floor and workers were involved in the planning process.

One of the first steps the leadership took was to raze the headquarters building so that managers had to be relocated where actual work was taking place. This did not occur due to financial issues but was a message saying that the workers in the facilities were the key to success. In the Rocky Flats project, “managing from afar was no longer acceptable” (Cameron & Lavine, 2006, p. 83). Thus, managers and workers were located in the same space, in order for collaboration among the whole workforce to be enabled.

In Frederick Herzberg’s Two Factor, or Motivation-Hygiene theory, the motivator factors which lead to job satisfaction include recognition and opportunity of achievement among others (Cook & Hunsaker, 2001). In the case of Rocky Flats, bringing management to work with employees at the same facilities provided employees with the opportunity to be recognized for the work they were doing, and furthermore to have their achievements seen by management. The message that the leadership sent to the workforce was that employees were the key to success of the project. This message managed to increase their motivation to contribute significantly in the completion of the cleanup.

***c. Making Employees Part of the Process***

Another way the leadership facilitated collaboration among the workforce was to provide opportunities for face to face meetings, giving them the

chance to express opinions, and to engage with in management's strategies. The employees' opinions were listened to. Interviews with employees were common, and whenever possible, the leadership tried to act upon their suggestions, which as one of the senior executives emphasized "unleashed their desire to do good work" (Cameron & Lavine, 2006, p. 170). Nonetheless, that did not mean the employees made the decisions, but they were listened to frequently early in the process and then they were provided with feedback. Once more, openness and honesty were fundamental in this case. At the same time, it was the opportunity that was given to all employees to be heard that contributed significantly to employee engagement.

Moreover, the employees were given accountability for outcomes. Employee groups were engaged in the process of record keeping, information exchange and even accountability for assessment, as opposed to the common practice of having these as a responsibility of management only.

Self Determination Theory suggests that people are more motivated if they feel they have control over their actions (Robbins & Judge, 2010). In the Rocky Flats case, employees were given a sense of autonomy because they were engaged in assessment and other activities traditionally handled by management staff only. According to Gagne and Deci (2005), accepting subordinates' perspectives and giving non-controlling feedback increases job satisfaction and trust in the organization which leads to positive attitudes. Taking into account that employees were listened to and were significantly involved in the processes and strategies of the project, Rocky Flats leadership motivated employees who might otherwise have remained discouraged and posed a threat to the successful completion of the cleanup.

## **VI. DISCUSSION AND RECOMMENDATIONS**

### **A. DISCUSSION**

During a recession employees are more likely to be demoralized and demotivated. Initially, because of the fear of losing their job, this might even increase—or seemingly increase their performance. Nevertheless, the increasing pressure and stress they experience will easily lead to burned-out employees; they will experience perhaps a deteriorating mental and physical health, which will lead to sick leaves, absenteeism, and ultimately to declining organizational performance. Numerous studies have demonstrated that great economic returns are obtained through investing in people (Bolman & Deal, 2008, pp. 140–141).

Many companies during the recent economic downturn are “treating people as dispensable rather than as sources of competitive strength and creativity” (Strack et al., p. 2). Organizations that invest in their people during strenuous times will eventually create a competitive advantage over other companies. Considerable literature supports that “a skilled and motivated workforce is a powerful source of strategic advantage” (Bolman & Deal, 2008, p. 136). Investing in people has proven vital the success of pioneer companies such as Southwest Airlines; “its highly committed workforce was so productive” (Bolman & Deal, 2008, p. 136) that competitors found it hard to imitate the company’s success.

Each of the results of success or high performance in the four case studies analyzed in this thesis has an underlying theme of human relations. From employee engagement, and a customer-centric culture, to acknowledging subordinates’ opinions and needs to motivate them, the enablers for success in these cases have employees at their center.

#### **1. Enabling and Constraining Factors**

Enablers can work as levers to create the conditions that will lead to a desirable change in employees’ motivation during times of crisis. In the four case

studies the common enablers can be summed up as: meaningful work, trust and credibility, good relations among management and the workforce, and recognition of the employees' work. These are themes that are met with in the analysis of each of all four case studies.

In the same case studies, constraining factors can also be identified. These are approaches that prevent change towards successful employee motivation. The more prominent ones include: lacking of communication, excluding subordinate participation from leadership decisions, refraining from challenging existing rules or norms, and ignoring employee's psychological state.

The absence of communication within the organization caused tenuous relations in "Leading Healing in a Broken Unit." The well-conditioned and high-spirited unit of Marines that left for deployment, turned into a distrustful and disappointed—in their leaders—crew after a little time. Initially, none of the superior officers seemed to know where they would deploy and were unable to answer the Marine's questions. Moreover, the news of their going to combat finally came from the Marines' relatives, who heard it from the press. This created considerable tension and dismay amongst the crew, and many of the Marines even questioned their superior's ability to lead them.

The second constraining approach has its roots in more traditional leadership styles. Specifically, relying on one's authority and not implicating subordinates' participation in leadership decisions proved unsuccessful as in the "Tank in the Bog" case. After the platoon leader had the first accident with the tank, he left the mechanics to repair it and went alone to find an alternative exit route to gain some time. The fact that he went on this quest without the operator of the tank or any of his highly trained crew, substantially reduced his possibilities to find the bog that was in the middle of his chosen route. He calculated that the new route would save them time (which was of essence for the mission), but instead he further delayed them because the chosen short cut led to a bog where the tank was stuck for a second time.

Refraining from challenging existing rules or norms in “Making the Impossible Possible,” justifies the original calculations for the Rocky flats clean-up to be 60 years more than it was actually done and billions of dollars more costly. Until Kaiser-Hill Company took charge, the previous contractors always waited for guidance from the DOE which slowed every process. On the other hand, the new leadership challenged existing rules and regulations (Cameron & Lavine, 2006, p. 119). Due to that over 200 innovations were created by the workforce that enabled efficiency, speed, and safety, thus contributing to the extraordinary results of the project.

Finally, the psychological state of the employees, when not taken into account by the leadership can cause inefficiency. In “Leading Healing in a Broken Unit” the Marines face the—unjustified by the leadership extend of their deployment with great discontent. The area of operations “had been a trouble spot for the U.S” (Powley & Taylor, p. 9) and the conditions were primitive. While casualties mounted and no information upon their return was given to them, their morale decreased and their behavior was not representative of the Marine Corps’ values. Nevertheless, the leadership did not give any response to cope with the situation.

## **B. RECOMMENDED MOTIVATION TECHNIQUES**

In an environment of recession every difficulty that emerges almost every day can demoralize even the best of managers. Experience, talent and leadership skills might not be enough to face the challenges. The prevailing management approach is that using the right tool, one can get the job done. Nevertheless, deciphering which is the right tool for a given situation might be a little complicated. Bolman and Deal (2008) stress that “successful managers...reframe, consciously or intuitively, until they understand the situation at hand. They use more than one lens to develop a diagnosis of what they are up against and how to move forward” (p. 19). Similarly, motivating employees during a crisis period is not an easy and one-dimension task. The multiple effects that

the recession has on employees and organizations cannot be mitigated only through one chosen technique or method to get things done. Using a combination of strategies to motivate employees is necessary.

The recommended motivational techniques are a combination of the study of enablers and techniques that were found in common or individually in the four case studies and the study of motivational theories from the perspective of the current economic recession. These techniques and their effect if applied by an organization in recessionary periods are concisely depicted in Figure 8 and described in the next sections. The outcomes shown in the third column are connected to the decrease or increase respectively of each of the effects. The total of these outcomes result in an increase of organizational performance.

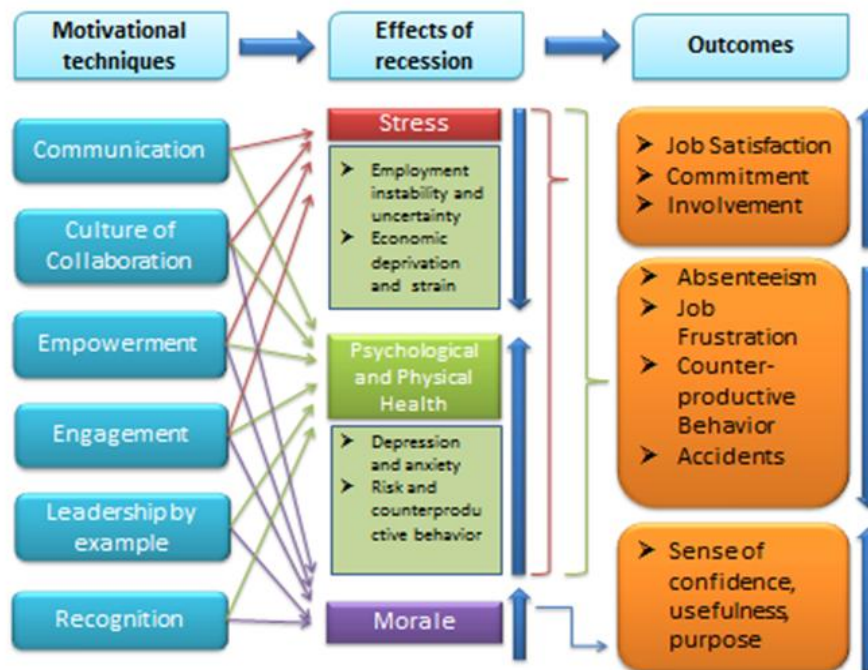


Figure 8. Recommended motivational techniques and their effects

## 1. Communication

Communication among the workforce and especially from top to bottom is essential. The necessity to maintain an open channel of communication in the organization during times of recession is even more urgent. According to a survey on job satisfaction in 2009 communication was rated as very important by 51 percent of employees (Society for Human Resource Management (SHRM), 2009, p. 18). During the 2012 survey by SHRM the percentage that renders communication with senior management very important has raised to 57 percent (SHRM, 2012, p. 15).

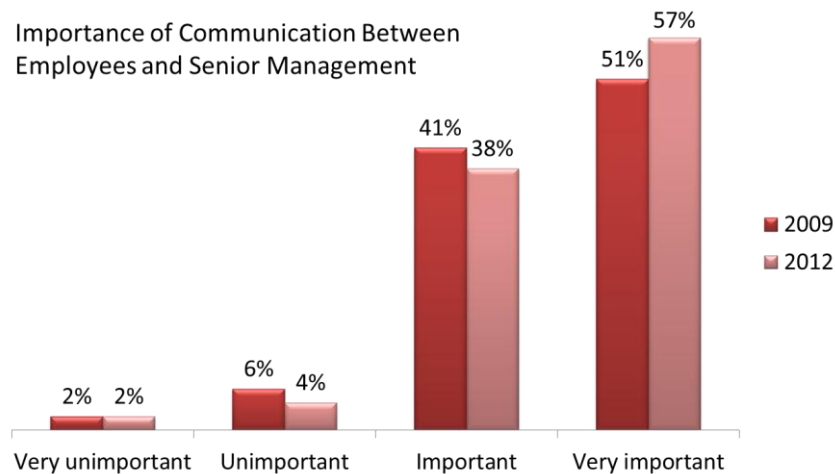


Figure 9. The Importance of Communication According to 2009 and 2012 SHRM Survey Reports (After SHRM, 2009, p. 18; SHRM, 2012, p. 15).

When facing insecurity and fear for their future, employees can be easily negatively affected by rumors within the company with unpromising consequences to employee morale and possibly performance. These unwanted results can be prevented through open, honest, and timely communication from senior management. Senior management to employees (top-down) communication can be achieved through company-wide meetings and through intranet, blogs, or emails, as well as with face to face meetings between supervisors and staff (SHRM, 2009, p. 20).

Sharing organizational information with employees can also prove critical to mitigate the effects of the recession on individual psychological health. Increased levels of stress, depression and anxiety due to the crisis can lead to a decline in performance, commitment and involvement. Receiving first information concerning the company's economic status, goals, strategies and visions can provide a sense of control in one's environment where uncertainty dominates.

Finally, communication is the foundation for building trust and credibility. In the case of Rocky Flats, the project took its course to success as soon as the involved parts were informed of the vision, changes, decisions and plans of the leadership. "Honesty and openness were, unsurprisingly, the key to trust-building" (Cameron & Lavine, 2005, p. 175). Moreover, according to the four drives theory of Nohria and Lawrence, the drive to defend is fulfilled through the building of trust, which subsequently leads to "feelings of security" (Nohria, et al., 2008, p. 81).

## **2. Culture of collaboration**

"Man is by nature a social animal"—Aristotle, *Politics*, 335–322 BC

Not every organizational culture shares the same values and norms. Nevertheless, cultures that foster bonding and collaboration are very successful as evidenced in the cases. Cooperative and strong interpersonal relationships among the workforce, values, honesty, and openness are few of the main characteristics of the collaborative culture.

During recessionary times for an organization, its management should take these factors under consideration as employees seem to experience a decline in their loyalty ("Declining Employee Loyalty," 2012) and trust to their organization (Drazen, 2011). A survey conducted in 2011 reports that "only 10 percent of employees trust management to make the right decision in times of

uncertainty” (Maritz Research, 2011, p. 1). A values-based culture like the one the Taj Group promotes will mitigate such effects in times of crises when tough decisions have to be made.

Furthermore, according to the four drives theory, the drive to bond is fulfilled through the lever of culture, by promoting collaboration and teamwork, and fostering mutual reliance (Lawrence & Nohria, 2002). As Aristotle professed, men are social animals and they have an inherent need to belong to a group and to be part of a team. In Maslow’s hierarchy the needs to belong come third after physical well-being and safety needs (Figure 4). The culture of collaboration will also promote employee mental health, which is negatively affected in times of recession (Bouras & Lykouras, 2011). As Baumeister & Leary (1995) maintain “evidence suggests a general conclusion, that being accepted, included, or welcomed leads to a variety of positive emotions (e.g., happiness, elation, calm),” emotions that are greatly desired in stressful times.

In a place where teamwork and collaboration are dominant, a person can feel he will be helped through a problem and share his troubles. This can counterbalance the increasing stress and anxiety that people experience in times of recession, and even promote morale since belonging to a group is substantial as seen in its definition: “the spirit of a group that makes the members want the group to succeed” (Bowles & Cooper, 2009, p. 2).

### **3. Empowerment**

The crisis response at the Taj Mahal Palace hotel models the kinds of results produced by empowered employees. Specifically, the fact that the Taj Group employees are granted authority and are given autonomy to make their own decisions has accommodated their sense of ownership. Empowerment in this case, is one of the factors that led to their heroic and extraordinary handling of the crisis situation of November 26, 2008. In the case of the Rocky Flats project, employee empowerment is also seen in various aspects of the processes that took place. Employees were given initiative and had autonomy to assess the

several tasks and projects they took part in. They were also asked to suggest solutions to improve the conditions and processes. Thus, many innovations were created by employees during the years that the project took place.

In times of recession employee empowerment is another important factor that needs to be taken into account. Within groups, employees are empowered if they are treated with respect, they are asked for their advice and included in projects they can learn from. At the same time, managers that share information, delegate power, and circumvent unnecessary bureaucracy empower their employees, enabling them to improve practices and excel in projects (Cook & Hunsaker, 2001).

Empowerment of employees, therefore, will give them a sense of pride and meaningfulness in their work. This will advance morale and mitigate the effects of stress through feelings of purpose, personal achievement (Herzberg, 1968) and the feeling that they have control over their own actions (Self-determination theory). Consequently, employee empowerment also contributes to the individual's mental health and well-being that are negatively affected through recessions.

#### **4. Engagement**

While engaging employees in the strategies, goals and decisions of the organization, management enlists the help and commitment of the only people who can make the change: the workforce. In the case of Rocky Flats, employees were listened to, which made them actively engage in the process. That was one of the key enablers that led to the extraordinary success of the case of the nuclear plant cleanup. The leadership not only listened to their employees, but whenever possible acted upon their suggestions which according to one of the senior executives “unleashed their desire to do good work” (Cameron & Lavine, 2006, p. 170). Employees by helping their company in its strenuous financial situation, subsequently help themselves by terms of job security and compensation.

Once they are requested to actively help the company and provide their valuable feedback, their morale will increase, and they will gain a sense of control over their future as opposed to the dominant uncertainty in recessionary times (Self-determination theory). This sense of purpose and usefulness will also affect positively their mental health and well-being. Furthermore, engaged people feel less stress, and the stress they do feel is offset by a lot more happiness, enjoyment and interest” (Robison, 2010). Finally, employee engagement according to Gagne and Deci (2005) increases job satisfaction and trust in the organization.

## **5. Leadership by example**

Leadership is not only about making decisions, selecting strategies and managing their implementation. The manager needs to promote the values he requires his staff to have. As a result, not only does he motivate his subordinates, but he also gains their respect and trust. If the manager says that the company’s workforce needs to take a path, but his actions are not consistent to what he asks of others, the results will probably be unpromising, even if the selected strategy is carefully chosen and planned. As a model for the people in the workplace, the chances are the manager will achieve more.

According to Nohria and associates (2008), employees’ perceptions of their immediate managers matter as much as organizational motivation policies (p. 83). Their research revealed that the immediate supervisor is closely evaluated by his subordinates, and his inability to keep them motivated might interfere with the organization’s otherwise highly motivating policies. In times of recession, when poor morale and feelings of mistrust towards the company’s leadership prevail, leading by example would prove a successful managerial approach for immediate managers.

As evidenced by the example of Senior Enlisted Leader in the “Leading Healing in a Broken Unit” case, one who leads and motivates by example maintains respect from his subordinates even through crisis situations. Moreover,

having a leader or supervisor that first does himself what he requests of his subordinates, enhances feelings of trust, commitment, and purpose, which subsequently lead to the strengthening of morale.

## **6. Recognition**

Finally, recognition has been successfully used in all four case studies in this paper. Either in the form of monetary rewards related to levels of performance (Rocky Flats case), or in the form of recommendations for promotions (Leading Healing in a Broken Unit case), non-monetary rewards (The Ordinary Heroes of the Taj), or appreciation (Tank in the Bog case), recognition of outstanding performance or behavior leads to very positive outcomes for the organization.

In motivation theories, recognition is identified as a key motivator. Esteem needs are included in Maslow's hierarchy of needs and are related to feelings of prestige and accomplishment. Herzberg's two-factor theory professes that recognition and opportunity of achievement increases job satisfaction (Cook & Hunsaker, 2001). In Lawrence and Nohria's four drive theory, the drive to acquire is fulfilled through the reward system of the organization; but apart from monetary rewards, as seen in cases such as the Taj hotel, non-monetary rewards can be equally successful as well.

In recessionary periods for organizations, where financial resources are limited, recognizing accomplishments can prove vital for motivating employees. For recognition to be effective, it must come from a person the employee esteems, such as his manager (Wardell et al., 2005, p. 176). It should also be clearly expressed and timely. The means to express recognition might defer from an employee to another to be successful. For instance, an introverted employee might prefer a written or electronic form of praise, instead of a public one. Whichever the choice of the praise or reward system based on recognition, the result is increased job satisfaction. The feeling that their effort is appreciated and

the uplifting or their self-esteem also improves morale and overall well-being of employees.

### **C. IMPLICATIONS FOR PRACTICE**

Management practices and motivational approaches might vary by culture (Robbins & Judge, 2010; Bolman & Deal, 2008). Consequently, there are global implications for the practice of the recommended motivational techniques. There are certain variables that differentiate management practices in various nations, which would affect the motivation applications chosen by an organization. For instance, Geert Hofstede in his surveys that took place in forty countries, identified “uncertainty avoidance” as one of the dimensions of national culture. When the level of uncertainty avoidance is high, as in the case of Greece, Portugal, Japan and Belgium, the country tends to “make heavy use of structure, rules, and specialists to maintain control” (Bolman & Deal, 2008, p. 273). Consequently, the country in which the organization functions, and the cultural background of the employees that comprise its workforce, needs to be taken into account.

During crisis situations such as the current recession, employees tend to lose trust in their company’s management (Drazen, 2011). Maintaining an open communication with employees, leading by example or fostering a collaborative culture, as mentioned in the recommended techniques, can regain the trust of the employees. Nevertheless, the overall company practices must be defined by integrity, transparency and openness in order for the above approaches to succeed. The employees must trust management and be sure that the company they work for is trustworthy and honest.

According to Bolman and Deal (2008), “keeping others in the dark was a consistent theme in the corporate ethics scandals of 2001–2002” (p. 227) in the U.S. Willingness to make decisions as well as business and financial practices available to all employees may be material to overcoming issues of mistrust, and a successful approach to face the challenges of a recession. Wilhelm (2010)

stresses that by being transparent with its employees, an organization increases productivity, morale and profitability with no cost.

In “Making the Impossible Possible,” management, employees, and all other groups involved in the process shared a common vision. However, Cameron & Lavine identified as a key to the Rocky Flats success the continuous support of this vision from the leadership. Throughout the process of the plant’s cleanup, every leader that succeeded his predecessor adhered to this vision. Similarly, when deciding upon a motivation application the company has to ensure that its leaders have the willingness to share and adopt the chosen strategy. After all managers are the ones who directly affect their subordinates’ motivation. If they promote their own beliefs on motivation instead of the ones chosen by the organization, the success of the company’s motivation policies, however carefully selected, might produce unpromising results.

Motivation is also an ongoing task. It takes time and effort. As seen in the case studies time is essential. The transformation at Rocky Flats took 10 years of considerable effort and persistence. At the Taj Hotel, the exemplary behavior of the Taj employees can be traced back to years of cultivating a customer-centric and values-based culture. In the same manner, an increase in the motivation of employees is a time-consuming process that cannot occur overnight.

#### **D. SPECIFIC RECOMMENDATIONS FOR THE HELLENIC NAVY**

The recommended motivational techniques can also be applied in a military environment. Several distinct qualities that the armed forces possess, such as strict hierarchy, particular structure, and specific rules render it a special environment in which the techniques have to be applied. Taken into account the several factors that characterize such an environment, as well as the recession under which every organization in Greece operates, the following recommendations are made specifically for the Hellenic Navy.

## **1. Assessment of organizational culture**

Initially, in order for the culture of the Hellenic Navy to be further explored, a survey should be conducted. Survey feedback has been established as an approach to improve organization effectiveness (Bolman & Deal, 2008, p. 163). Additionally, it will serve as a means to enhance communication within the organization. Michel & Newman (2010) stress that leadership used a survey to assess the culture at Grand Forks Air Force Base which eventually illuminated many aspects of what was not working. Cameron and Quinn (2011) while arguing the powerful effect of organizational culture for the success of a company, introduce a survey as a successful culture assessment instrument. This specific book could be used as a survey tool for further reference.

The survey might be conducted electronically, which would also serve to make the results more easily measurable, direct, and comprehensive. Given the scarce resources, the survey should be taken on by existing personnel. The technical part (application software) of the survey should be undertaken by a team consisting of personnel with appropriate skills and education in computer programming. Such skills in personnel can be found in officers', warrant officers', or petty officers' ranks.

The preparation of the content of the survey can similarly be undertaken by a team consisting of all hierarchy levels in the organization. The team should preferably include: (a) Officers with further education in the science of management, or other suitable areas of study, such as psychology (naturally that includes personnel from other ranks as well, with similar background). (b) Warrant and Petty officers with years of valuable experience that will include questions in the survey that represent their own ranks. (These might be otherwise overlooked by their superiors). (c) Professional soldiers or sailors, whose opinion on the content will prove beneficial as it will bring the opinion of the "front line" employees. Finally, (d) civilian personnel will bring their own perspective in the search of what should be included in the survey. Consequently, the survey will prove significant for the whole organization.

The survey should also be promoted as a call to enlist the personnel's essential participation on changing the organization for the better. Diligent attention to the promotion of the survey is needed through effective and persistent communication in all services. The necessity to engage all of the employees has to be made clear for them to receive the message that their opinions are needed and valued.

An additional purpose of the survey will be to surface what makes the personnel in all levels of hierarchy, disengaged and less motivated, or even dissatisfied. Furthermore, it should enable employees that participate in it, to provide their own insights, feedback and recommendations, as to what can be improved under the current circumstances of recession. The outcome of the survey will provide guidance for the leadership as to where they should move next and where to emphasize their efforts.

## **2. Open communication channels**

During times of recession, transparency in all actions is more expedient than ever to gain and maintain the trust of the employees. Management that proves its intention to work in every level in such a way, will secure that trust and subsequently the motivation of its employees. In the military environment, a lot of information can be characterized as confidential or secret due to national security reasons. Nevertheless, there are many other issues, mainly related to personnel, which can and should be directly communicated from the leadership to the employees.

Rumors can be very damaging, especially in times of uncertainty, like a recession. In Greece, people are almost every day bombarded by the media, with theories and predictions of events that will make their lives even worse. Similarly, blogs and articles about the armed forces circulate rumors or even real facts and many times they magnify their significance.

Leadership should find ways to communicate whatever news—eligible to be communicated—to its personnel directly and firsthand. Whenever a

leadership meeting takes place, the results of the meeting that affect the employees should be directly and promptly reported to them, through their supervisors, through written form, or other official means. This way the employees will have reliable information and, even if it is unpleasant, they will have a sense of control over their future.

Improving communication within the organization might prove a difficult task. The work of Senge (1994) for instance, describes that each person has his own mental models—internal images of how the world works—that limit him to familiar ways of thinking and acting. Mental models, nevertheless, might block or distort information without us being aware of it. Moreover, in order to foster openness, according to Senge it is important to take into account other people's mental models (Senge, et al., 1994). Senge and colleagues' book can be used for further reference on mental models and how to improve communication.

### **3. Feedback from subordinates**

Approximately once a year an appraisal from his superiors takes place for every Hellenic Navy employee. Another kind of appraisal would be advisable to take place in a different time frame; the subordinates should be able to assess their direct supervisors and their peers. In order for the assessments to be more sincerely given, they should be kept anonymous and take the form of positive feedback. The message will be that anyone can improve his work through positive recommendations through his co-workers' point of view. That will improve collaboration among employees, will keep employees engaged to the processes of the organization, empowered to express their opinions, and feel that their contribution is valued by their leadership.

This feedback will also improve the superior's managerial skills if taken into consideration. This technique has been used by various successful companies that use it to reinforce their people oriented Human Resources philosophies. For instance, Federal Express has proven that its chosen philosophy that managers have to "take care of their people," is operational

through the company's managerial practices. One of these practices is the annual rating of managers by their subordinates. They are mainly rated on how well they helped them and listened to their ideas. Managers with subpar scores have to repeat the process sooner, and if the results persist it would even affect their bonuses (Bolman & Deal, 2008, pp. 142, 143).

The suggested feedback in the Hellenic Navy's case should mainly maintain the character of recommendations and not a formal appraisal. The leadership should take into account nevertheless the recommendations, and show that they value the subordinates' opinion. If the managers rated do not show any improvement, their superiors should discuss it privately with them in order to help them develop their managerial skills.

#### **4. Creating an Employee-Centric Culture**

Throughout the course of their training, officers and petty officers should be taught to motivate their subordinates through their leadership. This should begin from the Naval Academies and continue through the course of their career. Future leaders need to understand that with a highly motivated team they will reach higher levels of effectiveness and productivity. In the military, leading by example is one of the best ways to motivate subordinates, which will also maintain their respect and trust. Leading by example has proven very successful in engaging the front line in organizations such as the U.S. Marine Corps, where officers spend between 50 and 80 percent of their time working with the people who report to them (Wardell et al., 2005, p. 26).

The demands for the armed forces have changed, and the need to do more with less people is evident. For the Hellenic Navy, this is a reality that the leadership has to face on a day-to-day basis, making it more necessary to better utilize existing resources. The personnel must be given the opportunity to take initiative and to use their intelligence and experience to reduce waste and increase quality and speed. These are some of the key management practices of Total Quality Management (TQM), on which the Department of the U.S. Navy

has based its approach of Total Quality Leadership (TQL) (Thomas & Jansen, 1996). Cameron and Quinn's book *"Diagnosing and Changing Organizational Culture Based on the Competing Values Framework"* can be a source for further study of key management practices.

Accordingly, the U.S. Army's General Sullivan (former Chief of Staff of the United States Army) "emphasized the importance of giving subordinates room to demonstrate initiative by taking prudent risks and learning," and also described how important it is for "leaders and led to enjoy open and honest dialogue" in a "positive command climate" (Thomas & Jansen, 1996, p. 8).

Thus, dialogue and initiative in an environment of strict hierarchy such as the Navy, is not necessarily restrictive. Rank will continue to be directly related to authority; but ensuring that all personnel will contribute their judgments and, most importantly, will be listened to, will serve to accomplish the mission more efficiently and with the personnel's motivation and morale kept high.

## **5. Timely Recognition**

Whenever directors and supervisors find the opportunity, they should also praise each exceptional behavior publicly or privately and in a timely fashion. In times of pressured morale and uncertainty, any extraordinary action or behavior should be recognized as often as possible. The time of the recognition and its form, nevertheless, is of importance, too. The recognition should be offered timely and clearly and preferably in public. That includes pursuing subordinates' suggestions which are likely to be implemented, and then ensuring they receive credit publicly or privately.

If the efforts to engage employees and to gain their feedback, are not accompanied by the management's recognition, then employees' motivation will not be successful, as they might consider the above changes as a waste of their time. The worse scenario will be to establish in their minds the fact that leadership does not pay attention or listen to their needs and opinions. That

would produce the opposite results, and would demotivate and demoralize the already pressured personnel.

## **E. CONCLUSION**

The recommended motivational techniques that are summarized in Figure 8 can increase employee motivation in periods of crisis, and specifically during financially constrained times when resources are limited. The various negative effects that a country's economic decline has on citizens and subsequently on employees have a direct impact on organizations. Leadership needs to address the consequences that the recession has on its personnel, as the human factor is directly related to the profitability and well-being of an organization. The proposed model uses a combination of motivational techniques and applications to mitigate the negative effects of an economic crisis, while using existing resources and taking advantage of the full potential of employees.

A motivated workforce is a source of competitive advantage over other companies and a means to advance profitability and increase performance. These factors are substantial for an organization during a recessionary period. The specific recommendations that the study offers to the Hellenic Navy, aspire to effectively motivate its personnel which will help mitigate the negative effect that the current recession has on the organization, and will ultimately increase employee performance. Focusing attention to motivating its personnel, the Hellenic Navy can help strengthen its performance and enhance its organizational effectiveness.

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